



SECURITY
INVESTMENT
BANK LTD.

TWENTY THIRD ANNUAL REPORT
THE MONEY WISE BANK

2014

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VISION

Aiming for continued growth, we will further develop our strengths to seize new opportunities and maintain our steadfast commitment.

MISSION

- ❑ *Meet the challenges of highly competitive market with our expertise, creativity and service.*
- ❑ *Develop & maintain strong client relationship.*
- ❑ *Continuously enhance our contributions towards industrial development of the country.*
- ❑ *Above all, in a tradition of prudent growth, our unwavering determination to strengthen long-term earnings and return on shareholders' equity will endure.*

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)

BUSINESS DEVELOPMENT COMMITTEE

Mr. Sheikh Asim Rafiq Nit Nominee (Chairman)
Mr. Muhammad Mehboob
Mr. Muhammad Taufeeq Motiwala
Mr. Muhammad Shoaib
Mr. Karim Muhammad Munir

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

502, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659750-54
Fax: (021) 35659755
E-mail : sibl@sibl.com.pk

NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of Security Investment Bank Limited (the Company) will be held at the Registered Office of the Company located at Suite Number 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad, on 21 April 2015 at 9:00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of the Twenty Third Annual General Meeting held on 28 April 2014.
- 2) To receive and adopt the audited financial statements of the Company for the year ended 31 December 2014 together with the directors' and auditors' reports thereon.
- 3) To appoint auditors and fix their remuneration for the year ending 31 December 2015. The retiring auditors M/s. Muniff Ziauddin & Co., Chartered Accountants retire and being eligible offer themselves for reappointment to act as the external auditors of the Company and fix their remuneration for the year ending 31 December 2015.

ANY OTHER BUSINESS

- 4) To consider any other business with the permission of the Chair.

BOOK CLOSURE

The share transfer book of the company will remain closed from 15 April 2015 to 21 April 2015 (both days inclusive). Transfer applications received in order at the office of the Share Registrar of the Company (i.e. C & K Management Associates (Private) Limited, room number 404, Trade Tower, Abdullah Haroon Road, Karachi) by the close of business on 14 April 2015 will be treated in time for determining the entitlement of members to attend the Annual General Meeting of the Company.

By order of the board

Muhammad Shahzad
Head of Finance and
Company Secretary

Karachi:
18 March 2015

NOTES:

- 1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the office of the share registrar of the company duly stamped and signed not less than 48 hours before the meeting. A member may not appoint more than one proxy.
- 2) Members are requested to promptly communicate to the Share Registrar of the Company any change in their addresses.
- 3) CDC account holders and sub-account holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.
 - a) **For attending the meeting.**
 - i) In case of individuals, the account holder or sub-account holder shall bring his or her original CNIC or original passport alongwith Participant ID Number and the Account Number at the time of attending meeting.
 - ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

b) For appointing proxies

- i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his or her original CNIC or original passport at the time of meeting.
 - v) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted to the company along with proxy form.
- 4) Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2014 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 10% and 15% respectively. According to the Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Members that hold shares with joint shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar, C & K Management Associates (Private) Limited in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal shares by principal shareholder and joint holder(s).

5) SUBMISSION OF COMPUTERISED NATIONAL IDENTITY CARD / NATIONAL TAX NUMBER

We would like to bring it to the notice of our valued shareholders that the Securities & Exchange Commission of Pakistan (SECP) vide Notification No. SRO 831(I)/2012 dated 05 July 2012 in supersession of earlier Notification No. SRO 779(I)/2011 dated 18 August 2011, has directed all the listed companies to issue dividend warrant(s) only crossed as "A/C Payee Only" in the name of registered shareholder or in the name of authorised person where a registered shareholder authorises the Company to pay dividend, on his behalf, to any other person. The dividend warrant(s) should also bear the Computerised National Identity Card Number (CNIC) of the registered shareholder or the authorised person, except in case of minor(s) and corporate shareholders.

In view of the above, it is requested that the Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company Share Registrar.

The Corporate Shareholders are requested to provide at the earliest their National Tax Number directly to the Company Share Registrar.

6) DIVIDEND MANDATE OPTION

In compliance of the Circular No. 18 of 2012 dated 05 June 2012, we would like to inform our valued shareholders that Section 250 of the Companies Ordinance, 1984 allows the shareholders of a company to order the company to pay them cash dividend, if declared, through their respective banks.

In this regard, those shareholders who would like to avail the above facility are requested to provided following details directly the Share Registrar of the Company.

Name of Shareholder	
Folio Number / Participant ID and Account Number	
CNIC Number	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name	
Branch Address	
Cell Number of Shareholder, if any	
Landline Number of Shareholder, if any	

Status of the decision made by Special Resolution passed on 23 April 2012

This Statement provides information to the Members under Sections 4 and 8 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012:

In the Twenty First Annual General Meeting of the Company held on 23 April 2012, the Members by a Special Resolution approved investment of Rs.100,000,000/- (Rupees One Hundred Million) in 10,000,000 Ordinary Shares of the proposed SIBL Securities (Private) Limited, an unquoted company, so as to make it 100% fully owned subsidiary of the Company, subject to approval from regulators. This investment was approved in order to comply with the provisions of 7(2)(n) the **Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003** (hereinafter referred to as the "NBFC Rules").

An update in respect of above is provided hereunder-

a)	Total investment approved	Rs. 100,000,000/-
b)	Amount of investment made to date	Nil
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specified time	Due to restriction stipulated in Rule 7(2)(ca) of the NBFC Rules that an NBFC could not make investment in its subsidiary except out of its surplus equity (i.e. over and above the minimum equity requirements for the licenses held by such NBFC), the SECP therefore required to take up the matter of investment later till the implementation of NBFC Reforms which could not be implemented. The Special Resolution dated 23 April 2012 therefore lapsed.
d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	Not applicable

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of **Security Investment Bank Limited** (the "**Company**") are pleased to present the Twenty Third Annual Report along with the Audited Financial Statements and Auditor's Report thereon for the year ended 31 December 2014.

Economic Overview

During the year under review, key macroeconomic indicators have improved. CPI inflation has decreased; foreign exchange inflows have improved which resulted in increase in foreign exchange reserves; and trade deficit has been reduced. The decrease in inflation is mainly attributed to plummeting international oil prices; decline in other global commodity prices; stable exchange rates.

During the period under review, the **State Bank of Pakistan** (the "**SBP**") has issued six **Monetary Policy Statements** (the "**MPS**"). The SBP has kept the policy rate unchanged at 10% in the MPS of January 2014, March 2014, May 2014, July 2014 and September 2014. However, in the MPS of November 2014 the policy rate was reduced by 0.5% to 9.5%. In first MPS of 2015, the SBP has reduced the policy rate by 1% to 8.5%.

In July 2014, Moody's Investors Service has revised the outlook on Pakistan's foreign currency government bond rating to stable from negative, which recognised the improved economic conditions. During the period, corporate sector also benefited from the better economic conditions and has higher profitability. These factors, amongst other, resulted in increase of 27% in the Karachi Stock Exchange 100 index. The index was increased from 25,261 points as of 1 January 2014 to 32,131 points as of 31 December 2014.

Operational Performance

The key financial results achieved during the year are as under:

PROFIT AND LOSS ACCOUNT	2014	2013	Increase / (decrease)	Increase / (decrease)
	Rs.	Rs.	Rs.	%
Income				
Return on financing and placements	28,170,171	18,617,008	9,553,163	51.00
Return on securities	44,514,684	47,173,015	(2,658,331)	(6.00)
Gain on sale of investments	102,479	4,188,084	(4,085,605)	(98.00)
Profit on deposit with banks	305,918	265,765	40,153	15.00
Other income	1,083,120	1,306,820	(223,700)	(17.00)
	74,176,372	71,550,692	2,625,680	4.00
Expenditure				
Finance cost	23,380,872	33,826,671	(20,406,323)	(31.00)
Administrative expenses	36,258,605	32,646,064	3,597,730	11.00
	59,639,477	66,472,735	(16,808,593)	(10)
Profit before taxation	14,536,895	5,077,957	3,161,185	186
Taxation	(2,331,291)	(1,661,627)	(2,592,588)	40
Profit for the year	12,205,604	3,416,330	568,597	257

The Company's profit after tax increased from Rs. 3.416 million to Rs. 12.206 million registering a growth of 257%, income increased from Rs. 71.550 million to Rs. 74.176 million an increase of 4% and expenses decreased from Rs. 66.472 million to Rs. 59.639 million a decrease of 10%.

The increase in profit for the year is mainly due to reduction in short-term borrowings having higher rate of interest and disposal of Pakistan Investment Bonds carrying low yield.

Voluntary winding up of SIBL Exchange Company (Private) Limited (a wholly owned subsidiary)

The liquidator has completed the winding up process and has applied for striking off name to the Registrar of Companies, Securities & Exchange Commission of Pakistan (the "SECP").

Corporate Governance

The Board of Directors of the Company (the "Board") regularly reviews the strategic direction, business plans and performance in the light of the Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company is complying with the provisions set out by the SBP, SECP and the listing rules of the Stock Exchanges where it is listed.

As required under the Code of Corporate Governance, the Board would like to confirm that:

-▶ The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
-▶ Proper books of account of the Company have been maintained;
-▶ Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;
-▶ International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
-▶ The system of internal control is sound in design and has been effectively implemented and monitored;
-▶ There are no significant doubts upon the Company's ability to continue as a going concern;
-▶ There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
-▶ Key operating and financial data of six years of the Company are as follows:

Description / Year	(Rupees in millions)					
	2014	2013	2012	2011	2010	2009
Share capital	514	514	514	514	514	514
Shareholder's equity	517	506	503	500	498	488
Deposits	22	125	112	110	112	117
Borrowings	-	177	360	363	258	368
Short term financing	212	126	145	172	40	19
Investments	30	431	482	430	423	607
Operating profit / (loss)	16.0	5.0	1.9	0.7	3.4	(24)
Net profit / (loss)	12.0	3.4	2.8	2.6	9.8	(193)
Total assets	546	793	964	935	836	960
Dividend	-	-	-	-	-	-
Bonus	-	-	-	-	-	-

Value of Provident Fund Investment

As on 31 December 2014 based on the unaudited accounts, the value of investment of Provident Fund is Rs 10.325 million (2013 Rs 6.607 million).

Value of Gratuity Fund Investment

As on 31 December 2014 based on the unaudited accounts, the value of investment of Gratuity Fund is Rs 3.5 million (2013 Rs 3.5 million).

Pattern of Shareholding

The pattern of shareholding as at 31 December 2014 along with the disclosure required under the Code of Corporate Governance, 2012 is annexed to the report.

Directors' Attendance

During the year ended 31 December 2014, four Board of Directors; four Audit Committee; one Human Resources and Remuneration Committee; and two Business Development Committee meetings were held. Attendance of each director is as follows:

Name	Board of Directors	Audit Committee	Human Resources and Remuneration Committee	Business Development Committee
Haji Jan Muhammad	4	4	Not applicable	Not applicable
Karim Muhammad Munir	4	Not applicable	1	2
Mohammad Shoaib	3	Not applicable	Not applicable	2
Muhammad Mahboob	4	Not applicable	Not applicable	2
Muhammad Taufique Motiwala	3	3	1	1
Shaikh Abdullah	4	4	Not applicable	Not applicable
Sheikh Asim Rafiq	2	2	Not applicable	2

Leave of absence was granted in case the Directors were not able to attend the meetings.

Trade / dealing in shares of the Company

During the year, the Directors, CEO, CFO, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company.

Statement of Code of Conduct

The Board of Directors has adopted the required statement of Conduct. All employees are aware of this code and are requested to observe rules of conduct of business and regulations.

Directors' Training Program

Details have been provided in Statement of Compliance.

Earnings per Share

Earning per share of the Company is Rs 0.24 for the year ended 31 December 2014 (2013 Rs 0.07).

Dividend

Due to low earnings and higher 'minimum capital requirements' no dividend is declared for the year ended 31 December 2014.

Credit Rating

JCR - VIS Credit Rating Company Limited has revised the long term rating of the Company from 'A' (Single A) to 'A-' (Single A Minus) and has maintained the short term rating at 'A-2' (A-Two).

Outlook

The Company is presently exploring various fee-based avenues permissible under the NBFC Regulations, such as Rahat-uz-Zahab's scheme besides vigilantly concentrating on its core activities. It is hoped that this would improve return for the stakeholder of the Company.

The Non-Banking Financial Sector Reform Committee, formed by the SECP, report was published in early 2013, wherein wholesome changes were proposed in the NBFC regime, which, amongst others, include rationalising of minimum capital requirements.

The SECP internally approved substantial amendments to the regulatory framework for the non-bank financial sector and on 20 February 2015 these were issued for sought of public's comments by 19 March 2015.

The Company is reviewing various options and its future course of option depends on the enacted regulations.

Auditors

The present auditors Muniff Ziauddin & Co., Chartered Accountants retire and being eligible offered themselves for reappointment. The Board endorsed the recommendation of the Audit Committee for the reappointment of Muniff Ziauddin & Co., Chartered Accountants for the year ending 31 December 2015.

Acknowledgement

The Board would like to place its appreciation for the SECP, SBP, Stock Exchanges and other regulators for their continued cooperation and support. We gratefully acknowledge and thank our valued shareholders for their continued support and cooperation. The Board would also like to acknowledge the untiring efforts of management and staff in achieving these results.

On behalf of the Board
Haji Jan Muhammad
Chairman

Karachi
18 March 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Name
Non-Executive Director	Haji Jan Muhammad
Non-Executive Director	Mr Muhammad Mehboob
Independent Director	Mr Shaikh Abdullah
Non-Executive Director	Mr Sheikh Asim Rafiq
Independent Director	Mr Muhammad Taufique Motiwala
Independent Director	Mr Karim Muhammad Munir
Non-Executive Director	Mr Muhammad Shoaib

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred on the Board of Directors during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange; the Company's Memorandum and Articles of Association and the Code of Corporate Governance and is well conversant with their duties and responsibilities. Subsequently one of our directors (Excluding Exempt Director) has completed certification of directors training course from Pakistan institute of corporate governance.
10. No new appointments have been made during the year of Chief Financial Officer, Company Secretary and Head of Internal Audit.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 4 members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is an independent director.
18. The Board has set-up an effective internal audit function/manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The related party transactions with details of pricing methods have been placed before the Audit Committee and approved by the Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi, 18 March 2015

MUHAMMAD MEHBOOB
CHIEF EXECUTIVE

HAJI JAN MUHAMMAD
CHAIRMAN

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Security Investment Bank Limited (the Investment Bank) for the year ended December 31, 2014, to comply with the Listing Regulation No. 35 of Karachi, Islamabad and Lahore Stock Exchanges where the Investment Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Investment Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Investment Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Investment Bank's personnel and review of various documents prepared by the Investment Bank to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Investment Bank's corporate governance procedures and risks.

The Code requires the Investment Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Investment Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Investment Bank for the year ended December 31, 2014.

Muniff Ziauddin & Co.
Chartered Accountants

Karachi:

Dated: 18 March 2015

Engagement Partner: Muhammad Moin Khan



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FINANCIAL STATEMENTS
for the year ended December 31, 2014

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SECURITY INVESTMENT BANK LIMITED ("the Investment Bank") as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Investment Bank's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Investment Bank as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Investment Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Investment Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us,

the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Investment Bank's affairs as at December 31, 2014 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 38 to the accompanying financial statements which shows that the Investment Bank is not meeting the minimum capital requirement under Non-Banking Finance Companies and Notified Entities regulations 2008.

MUNIFF ZIAUDDIN & CO.

Chartered Accountants

Karachi.

Dated: March 18, 2015

Engagement Partner: Mohammad Moin Khan

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
Assets			
Property, plant and equipment	5	1,061,796	1,207,931
Intangible assets	6	10,568,182	10,568,182
Long term investments	7	26,181,818	77,006,414
Deferred tax asset - net	8	23,049,304	32,389,507
Current assets			
Short term financing	9	212,300,000	125,500,000
Short term placements	10	73,500,000	-
Short term investments	11	29,562,484	430,858,059
Loans and advances	12	89,925,920	87,714,046
Deposits, prepayments and other receivables	13	5,231,707	5,504,828
Accrued interest	14	19,931,945	13,758,446
Cash and bank balances	15	54,903,699	8,619,929
		485,355,755	671,955,308
		546,216,855	793,127,342
Share capital and liabilities			
Capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	16	514,335,580	514,335,580
Accumulated loss		(142,554,809)	(151,204,755)
Statutory reserve	17	145,543,127	143,380,640
		517,323,898	506,511,465
Deficit on revaluation of investments - net of tax	18	(787,223)	(23,767,322)
Current liabilities			
Borrowings	19	-	176,766,009
Short term deposits	20	21,777,653	124,614,217
Accrued and other liabilities	21	7,902,527	9,002,973
		29,680,180	310,383,199
Contingencies and commitments	22		
		546,216,855	793,127,342

The annexed notes 1 to 42 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
Income			
Return on financing and placements	23	28,170,171	18,617,008
Return on securities	24	44,514,684	47,173,015
Gain on sale of investments		102,479	4,188,084
Profit on deposit with banks		305,918	265,765
Other income	25	1,083,120	1,306,820
		74,176,372	71,550,692
Expenditure			
Finance cost	26	23,380,872	33,826,671
Administrative expenses	27	36,258,605	32,646,064
		59,639,477	66,472,735
Profit before taxation		14,536,895	5,077,957
Taxation	28	(2,331,291)	(1,661,627)
Profit for the year		12,205,604	3,416,330
Earnings per share - basic and diluted	29	0.237	0.066

The annexed notes 1 to 42 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 Rupees	2013 Rupees
Profit for the year	12,205,604	3,416,330
Other comprehensive Income		
Remeasurement of defined benefit plans	(2,079,360)	116,090
Deferred tax	686,189	(39,471)
Remeasurement of defined benefit plans - net of tax	(1,393,171)	76,619
Total comprehensive income for the year - net of tax	10,812,433	3,492,949

The annexed notes 1 to 42 form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		14,536,895	5,077,957
Adjustment for non-cash and other items			
Depreciation		395,178	364,550
Gain on disposal of shares		(102,479)	(4,188,084)
(Gain) / loss on disposal of property, plant and equipment		(18,998)	1,922
Loss on sale of government securities		15,707,227	-
Provision for gratuity		883,977	723,077
		16,864,905	(3,098,535)
Cash flows from operating activities before working capital changes		31,401,800	1,979,422
(Increase) / decrease in current assets			
Short term financing		(86,800,000)	19,766,169
Loans and advances		(431,453)	162,074
Deposits, prepayments and other receivables		273,121	(97,695)
Accrued interest		(6,173,499)	6,115,387
		(93,131,831)	25,945,935
Increase / (decrease) in current liabilities			
Short term deposits		(102,836,564)	12,566,553
Borrowings		(176,766,009)	(183,602,317)
Accrued and other liabilities		(2,414,757)	1,314,099
		(282,017,330)	(169,721,665)
Net change in current assets and liabilities		(375,149,161)	(143,775,730)
Income tax paid		(4,862,747)	(4,509,050)
Gratuity paid		(1,649,026)	-
		(6,511,773)	(4,509,050)
Net cash used in operating activities		(350,259,134)	(146,305,358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		19,001	39,600
Purchase of property, plant and equipment		(249,046)	(562,121)
Disposal proceeds from wholly owned subsidiary company		100,000,000	-
Sale of investments (shares)		2,275,704	29,848,005
Sale of securities		367,997,245	115,850,309
Net cash generated from investing activities		470,042,904	145,175,793
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase / (decrease) in cash and cash equivalents		119,783,770	(1,129,565)
Cash and cash equivalents at the beginning of the year		8,619,929	9,749,494
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	128,403,699	8,619,929

The annexed notes 1 to 42 form an integral part of these financial statements.

MUHAMMAD MEHBOOB
CHIEF EXECUTIVE

HAJI JAN MUHAMMAD
CHAIRMAN

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital (Note 16)	Statutory Reserve (Note 17)	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at January 01, 2013	514,335,580	142,682,050	(153,999,114)	503,018,516
Total comprehensive income for the year	-	-	3,492,949	3,492,949
Appropriation :				
Statutory reserve	-	698,590	(698,590)	-
Balance as at December 31, 2013	514,335,580	143,380,640	(151,204,755)	506,511,465
Total comprehensive income for the year	-	-	10,812,433	10,812,43
Appropriation :				
Statutory reserve	-	2,162,487	(2,162,487)	-
Balance as at December 31, 2014	514,335,580	145,543,127	(142,554,809)	517,323,898

The annexed notes 1 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. LEGAL STATUS AND OPERATION

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The SIBL was incorporated in Pakistan on May 23, 1991 and started its commercial operation on December 31, 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).

JCR - VIS Credit Rating Company Limited has revised the long term rating of SIBL from 'A' (Single A) to 'A-' (Single A Minus), short term rating has been maintained at 'A-2' (A-Two).

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved International Accounting Standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 as amended through SRO 1131 (I) / 2007 dated 21 November 2007, Non-Banking Finance Companies and Notified Entities Regulations 2008 and the directives issued by the SECP. Approved accounting standards comprise of such International Accounting Standards / International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, NBFC Rules or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The SECP has deferred the applicability of International Accounting Standards, IAS-39, 'Financial Instruments: Recognition and measurement' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. The SECP has also deferred the applicability of International Financial Reporting Standard, IFRS-7, 'Financial Instruments: Disclosures' through Circular No. 411(I)/2008 dated April 28, 2008 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupee which is the functional and presentation currency of the SIBL and rounded to the nearest Rupee.

2.3 Accounting standards or an interpretations not yet effective

The following standards, amendments and interpretation of approved accounting standards are applicable in Pakistan from the dates mentioned below against the respective standard or amendment:

IAS 27 - Separate financial statements (Amendments)	effective from accounting period beginning on or after 01 January 2015
IFRS 10 - Consolidated Financial Statements	effective from accounting period beginning on or after 01 January 2015
IFRS 11 - Joint Arrangements	effective from accounting period beginning on or after 01 January 2015
IFRS 12 - Disclosure of interests in other entities (Amendments)	effective from accounting period beginning on or after 01 January 2015
IFRS 13 - Fair value measurement	effective from accounting period beginning on or after 01 January 2015

The above standards, amendments and interpretations are either not relevant to SIBL's operations or are not expected to have significant impact on the SIBL's financial statements other than certain increased disclosures.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the SIBL's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) determining the residual values and useful lives of property and equipment (Note 5)
- (b) classification of investments (Note 7 and 11)
- (c) recognition of taxation and deferred tax (Note 8 and 28) and
- (d) accounting for post employment benefits (Note 32)

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for held for trading and available for sale investments and gratuity which are stated at fair value. In these financial statements, except for the amount reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment and depreciation

Property, plant and equipments are stated at cost less accumulated depreciation.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 5 to these financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of Property, plant and equipments are included in current year's income. Major renewals and repairs are capitalized.

Fully depreciated assets are being kept at token value of Re. 1/- each.

4.2 Intangible assets

Intangible assets are recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

4.2.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

4.3 Impairment

The carrying amount of the SIBL's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4 Investments

Subsidiary company

Investment in subsidiary company is measured at cost. However, at subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense.

Held-to-maturity

Investment with fixed maturity where management has both the intent and ability to hold to maturity, are classified as held-to-maturity.

Available-for-sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes to interest rates, exchange rates or equity prices are classified as available-for-sale.

Held-for-trading

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held-for-trading.

All Investments are initially recorded at cost, being the fair value of the consideration given.

Subsequent to initial recognition, investments available for sale and investments held for trading for which active market exists, are measured at market value using rates quoted on stock exchange quotes and broker's quotations, in accordance with the requirements of circulars issued by State Bank of Pakistan. In case of available for sale investments, any difference between the carrying value and the revalued amount is taken to surplus / deficit on revaluation of investments account, until realized on disposal. At the time of disposal the respective surplus or deficit is transferred to income currently. Amortization cost is charged to profit and loss account.

Investments held till maturity are stated at amortized cost using the effective interest rate method less impairment, if any. The amortization for the period has been charged to the profit and loss account.

4.5 Securities under repurchase / reverse repurchase agreement

Transactions of repurchase / resale of government securities, term finance certificates and shares are entered

into at contracted rates for specified period of time and are accounted for as follows:

Repurchase agreements

The securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are included in borrowings from institutions. The difference between sale and repurchase price is treated as mark-up on borrowings from institutions and accrued as expense over the life of the repo agreement.

Reverse repurchase agreements

The securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these obligations are included in placements. The difference between purchase and resale price is accrued as income over the life of the reverse repo agreement.

4.6 Trade date and settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by Security Investment Bank Limited. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.7 Staff retirement benefits

4.7.1 Defined contribution plan

The SIBL operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the SIBL and the employee, to the fund at ten percent of basic salary.

4.7.2 Defined benefit plan

The SIBL operates an approved Funded Gratuity Scheme covering all permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contributions therein are made in accordance with the actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 32.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

4.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the SIBL has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.9 Financial instruments

All financial assets and financial liabilities are recognized at the time when SIBL becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the SIBL loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

4.10 Classification of deposits and financing

Deposits and financing are classified as long and short term considering the remaining period at the balance sheet date.

4.11 Cash and cash equivalents

Cash and Cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and deposit accounts and short term clean placements.

4.12 Provisions

Provisions are recognized when the SIBL has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.13 Revenue

Income on financing, placements, government securities, profit on deposits and term finance certificates are generally recognized on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognized on receipts basis.

Dividends on equity investments are recognized as income when the right to receive payment is established.

Income from capital gains is recognized on earned basis.

Fee, commission, liquidated damages etc. are recorded on actual receipt basis except guarantee commission received in advance which is spread over the guarantee period.

4.14 Finance cost

Finance cost includes return on deposits and borrowings which are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

4.15 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax rebates and credits, if any, or at 1% of turnover whichever is higher.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the balance sheet date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax on surplus / deficit on revaluation of investments is charged or credited directly to the same account.

4.16 Related party transactions

The SIBL enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

4.17 Provision for doubtful debts on financing

Provision is made against doubtful receivable in pursuance of Securities & Exchange Commission of Pakistan's NBFC and Notified Entities Regulations 2008.

4.18 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

5. Property, plant and equipment

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2014	
	As at January 01, 2014	Additions	Deletions		As at January 01, 2014	Charge for the year	Adjustment		As at December 31, 2014
Computer and equipments	4,644,340	203,066	-	4,847,406	20%	270,131	-	4,264,037	583,369
Furniture and fixtures	3,146,836	-	-	3,146,836	10%	21,204	-	3,067,501	79,335
Generator	886,321	-	-	886,321	10%	46,632	-	734,764	151,557
Sign board	245,784	-	-	245,784	10%	9,679	-	194,678	51,106
Telephone system	177,496	-	-	177,496	10%	3,700	-	166,553	10,943
Vehicles	3,295,131	45,980	(1,057,280)	2,283,831	20%	43,832	(1,057,277)	2,098,345	185,486
2014	12,395,908	249,046	(1,057,280)	11,587,674		395,178	(1,057,277)	10,525,878	1,061,796

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2013	
	As at January 01, 2013	Additions	Deletions		As at January 01, 2013	Charge for the year	Adjustment		As at December 31, 2013
Computer and equipments	4,349,335	323,405	(28,400)	4,644,340	20%	265,395	(28,399)	3,993,906	650,434
Furniture and fixtures	3,116,836	30,000	-	3,146,836	10%	20,382	-	3,046,297	100,539
Generator	886,321	-	-	886,321	10%	46,632	-	688,132	198,189
Sign board	238,068	7,716	-	245,784	10%	9,100	-	184,999	60,785
Telephone system	176,496	1,000	-	177,496	10%	5,367	-	162,853	14,643
Vehicles	3,138,084	200,000	(42,953)	3,295,131	20%	17,674	(1,432)	3,111,790	183,341
2013	11,905,140	562,121	(71,353)	12,395,908		364,550	(29,831)	11,187,977	1,207,931

5.1 Cost and accumulated depreciation as at the end of the year include Rs. 9,102,405/- (2013 : Rs. 10,019,185/-) in respect of fully depreciated assets still in use.

5.2 Schedule of disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Gain	Sold to	Mode of disposal
Vehicles - Honda Civic	927,790	927,789	1	1	-	Mr. Saleem Rathod - Chief Executive / President	Approved by the Board of Directors
Vehicles - Motor cycle	69,000	68,999	1	4,000	3,999	Mr Muhammad Junaid - Staff	Negotiation
Vehicles - Motor cycle	60,490	60,489	1	15,000	14,999	Mr Zeeshan Younus - Staff	Negotiation
	1,057,280	1,057,277	3	19,001	18,998		

	Note	2014 Rupees	2013 Rupees
6. Intangible assets			
Trading Right Entitlement Certificate - Karachi Stock Exchange Limited	6.1	9,818,182	9,818,182
Corporate membership of the Pakistan Mercantile Exchange Limited		750,000	750,000
		10,568,182	10,568,182

6.1 This represents Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act). The SIBL has also received shares of KSE after completion of the demutualisation process. The TREC have been recorded at 9.8 million. For details, refer to note 7.2.

7. Long term investments

Held to maturity investment

Pakistan Investment Bonds	7.1	-	50,824,596
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Investment - at fair value through other comprehensive income

Karachi Stock Exchange Limited - available for sale	7.2	26,181,818	26,181,818
		26,181,818	77,006,414

7.1 Pakistan Investment Bonds

Cost	-	50,903,748
Less: Amortization for the year	-	(79,152)
	-	50,824,596

These represent investment in 20 year bonds issued by the Government of Pakistan having face value of Rs.19,000,000/- (2013: Rs.50,000,000/-) carrying mark-up rate (coupon rate) of 10% per annum.

7.2 Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the SIBL received shares and TREC from the KSE against its membership card which was carried at Rs. 36 million in the books of the SIBL.

The above arrangement has resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the SIBL by the KSE. Out of total shares issued by the KSE, the SIBL has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the SIBL's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the SIBL.

The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost / carrying value of the membership card between the two distinct assets on a reasonable basis.

The above mentioned face value (Rs.40 million) of the shares issued by the KSE to its members including the SIBL has been determined on the basis of the fair valuation of the underlying assets and liabilities of the KSE in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. In other words, shares worth Rs.40 million received by the SIBL represent its share in the fair value

of the net assets of the KSE. Under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the KSE has introduced a minimum capital regime for the brokers, and for this purpose, TREC valued at Rs.15 million as per the decision of the Board of Directors of the KSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs.15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair values of KSE shares (Rs.40 million) and TREC (Rs.15 million), the SIBL has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 26.18 million and TREC at Rs. 9.8 million.

	2014	2013
	Rupees	Rupees
8. Deferred tax asset - net		
Deferred tax assets arising in respect of:		
Deficit on revaluation of securities	328,504	11,038,611
Remeasurement of defined benefit plans - O.C.I component	755,076	68,887
Accelerated depreciation	(26,046)	2,051
Tax losses	21,991,770	21,279,958
	<u>23,049,304</u>	<u>32,389,507</u>
8.1 Movement in deferred tax asset		
Opening balance	32,389,507	29,173,983
Provision (reversed) / made during the year	(9,340,203)	3,215,524
Closing balance	<u>23,049,304</u>	<u>32,389,507</u>
8.2	The SIBL has an aggregate amount of Rs. 66.642 million (2013: Rs. 62.588 million) in respect of unabsorbed tax losses as at December 31, 2014 on which the management has recognized deferred tax asset of Rs. 21.992 million (2013: Rs. 21.280 million). The management of the SIBL believes that based on the projections of future taxable profit it would be able to realize these tax losses in the future.	
9. Short term financing - secured and considered good		
Associated companies	9.1 <u>212,300,000</u>	<u>125,500,000</u>
9.1	These are secured by hypothecation or a charge on assets of customers and pledged certificate of deposits. The mark-up rate is 16% per annum (2013: 14% & 16% per annum).	
10. Short term placements - considered good		
Placements with financial Institutions - unsecured	10.1 <u>73,500,000</u>	<u>-</u>
10.1	These represent clean placement with financial institutions on short term basis upto January 02, 2015 carrying markup @ 9.45% per annum (2013 : Nil).	

11. Short term investments	Note	2014 Rupees	2013 Rupees
Subsidiary company			
SIBL Exchange Company (Private) Limited Nil (2013: 10,000,000) ordinary shares of Rs. 10 each. Wholly Owned Subsidiary - unquoted	11.1	-	100,000,000
Available for sale			
Pakistan Investment Bonds	11.2	18,287,802	318,480,976
Term Finance Certificates	11.2	6,066,100	6,865,348
Quoted shares	11.2	5,208,582	5,511,735
Unquoted shares	11.2	-	-
		<u>29,562,484</u>	<u>430,858,059</u>

11.1 The company has been wound up during the year.

11.2 Securities given as collateral under repurchase agreements:

Note	2014			2013			
	Held by SIBL	Repo	Total	Held by SIBL	Repo	Total	
	Rupees						
Pakistan Investment Bonds	11.2.1	18,287,802	-	18,287,802	137,126,690	181,354,286	318,480,976
Term Finance Certificates	11.2.2	6,066,100	-	6,066,100	6,865,348	-	6,865,348
Quoted Shares	11.2.3	5,208,582	-	5,208,582	5,511,735	-	5,511,735
Unquoted Shares	11.2.4	-	-	-	-	-	-

11.2.1 This represents investment in 10 and 20 year bonds issued by the Government of Pakistan having face value of Rs 19,000,000 (2013: Rs. 350,000,000) with income receivable semi annually. Carry mark-up at rates (coupon rate) were Nil (2013: 9.6% to 12% per annum). Pakistan Investment Bonds having market value of Rs. Nil (2013 : Rs. 181.354 million) are held by other financial institutions as security under repurchase transactions.

11.2.2 Particulars of listed Term Finance Certificates (TFCs):

Issuer of TFC	No. of Certificates	2014		2013			
		2014	2013	Cost	Market Value		
		Rupees					
Telecard Limited	11.2.2.1	5,000	5,000	7,937,875	6,066,100	8,983,742	6,865,348

11.2.2.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Telecard Limited	5,000	3.75% over 6 months KIBOR.	Semi - annually	Originally Eight years from May 2005. Rescheduled upto May 27, 2015
Valuation of certificates				
Initial value of certificates	5,000			
Redemption upto December 31, 2014	3,412			
Balance as at December 31, 2014	<u>1,588</u>			

11.2.2.2 Telecard has restructured its TFCs redemption schedule on December 30, 2011 relating to the default of payment of redemption due on May 27, 2011, without any consequences or delay penalties after the approval obtained by the company from the TFC holders upon company's request. The said restructuring has resulted in lower current maturity. As a result, the last redemption date has been extended to May 27, 2015, instead of the revised final redemption date of November 27, 2013.

The TFCs are secured against a first specific charge over the fixed assets of the company, aggregating to Rs. 800 million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

11.2.3 Quoted Shares

All shares / units have face value of Rs. 10/- each unless identified otherwise.

2014	2013	2014		2013	
		Cost	Market	Cost	Market
No. of ordinary shares, certificates / units		----- Rupees -----			
		Modarabas / Mutual funds			
4,500	4,500	64,170	110,925	64,170	112,860
		Leasing			
42,370	42,370	59,742	105,925	59,742	119,483
		Investment banks / Companies / Banks			
32,001	57,290	1,319,190	1,792,056	2,361,689	1,834,999
35,000	103,571	629,453	807,578	1,862,658	1,450,122
3,825	3,825	52,670	133,416	52,670	103,428
31,625	31,625	1,189,797	2,196,673	1,189,797	1,836,148
1,644	1,644	21,684	4,028	21,684	5,409
2,270	2,270	68,259	33,006	68,259	20,861
		Miscellaneous			
7,500	7,500	43,875	24,975	43,875	28,425
		3,448,840	5,208,582	5,724,544	5,511,735

11.2.4 Unquoted Shares

All shares / units have face value of Rs. 10/- each unless identified otherwise.

2014	2013	2014		2013	
		Cost	Market Value	Cost	Market Value
No. of ordinary shares, certificates / units		----- Rupees -----			
		Modarabas / Mutual funds			
500	500	225	-	225	-
		Sugar & Allied Industries			
100	100	8,000	-	8,000	-
600	600	8,225	-	8,225	-

12. Loans and advances

Advances - considered good

	2014 Rupees	2013 Rupees
For expenses	1,123,826	692,373
For office premises	2,500,000	2,500,000
Advance income tax less provision for tax	86,302,094	84,521,673
	89,925,920	87,714,046

Note

	Note	2014 Rupees	2013 Rupees
13. Deposits, prepayments and other receivables			
Security deposits		1,346,868	1,443,788
PMEX exposure limits	13.1	1,095,327	1,090,518
KSE exposure limits		750,000	750,000
Prepayments		1,115,557	1,195,332
Other receivables - considered good		923,955	1,025,190
		<u>5,231,707</u>	<u>5,504,828</u>

13.1 This represents interest bearing security deposit of Rs. 701,000 (2013: Rs.701,000) which carries markup at the rate of 6% to 6.5% (2013: 7% to 9.5%).

14. Accrued interest

Income receivable	14.1	19,830,940	13,649,907
Accrued profit on PLS deposits		101,005	108,539
		<u>19,931,945</u>	<u>13,758,446</u>

14.1 Income receivable

Considered good			
Not due	14.1.1	<u>19,830,940</u>	<u>13,649,907</u>

14.1.1 This represents income on financing and government securities not matured / due on December 31, 2014.

15. Cash and bank balances

With State Bank of Pakistan in

- Current account		121,359	156,619
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With other banks in

- Current accounts		2,530,969	5,935,113
- Deposit accounts	15.1	52,250,741	2,517,286
		54,781,710	8,452,399
Cash in hand		630	10,911
		<u>54,903,699</u>	<u>8,619,929</u>

15.1 Rate of return on these deposits accounts range from 6% to 7.5% per annum (2013: 7% to 9.5% per annum).

16. Issued, subscribed and paid-up capital

Number of shares			
2014	2013		
23,552,000	23,552,000	Ordinary shares of Rs. 10/- each fully paid in cash	235,520,000 235,520,000
27,881,558	27,881,558	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	278,815,580 278,815,580
<u>51,433,558</u>	<u>51,433,558</u>		<u>514,335,580</u> <u>514,335,580</u>

	Note	2014 Rupees	2013 Rupees
17. Statutory reserve			
Capital reserve			
Statutory reserve	17.1	<u>145,543,127</u>	<u>143,380,640</u>
17.1	This reserve is created at twenty percent of profit for the year from ordinary activities after taxation in compliance with Regulation No. 16 of Part I of Chapter II of SECP's NBFCs and Notified Entities Regulations 2008.		
18. Deficit on revaluation of investments - net of tax			
Government securities		(995,467)	(32,466,504)
Term Finance Certificates		<u>(1,871,775)</u>	<u>(2,118,394)</u>
		(2,867,242)	(34,584,898)
Related deferred tax asset		<u>328,504</u>	11,038,611
		(2,538,738)	(23,546,287)
Quoted shares		<u>1,751,515</u>	(221,035)
		(787,223)	(23,767,322)
19. Borrowings			
Financial institutions - secured	19.1	<u>-</u>	<u>176,766,009</u>
19.1	This represents amount borrowed from financial institutions at mark-up rates ranging between Nil (2013: 10.80% to 10.85% per annum). These were secured against Pakistan Investment Bonds.		
20. Short term deposits			
From individuals		8,032,608	8,021,659
From related parties			
SIBL Exchange Company (Private) Limited		-	94,497,943
Associated undertakings		6,255,883	5,739,342
Others		<u>7,489,162</u>	16,355,273
	20.1	<u>21,777,653</u>	<u>124,614,217</u>
20.1	This represents Certificate of Deposits with maturity ranging from one month to twelve months. The expected rate of return on these deposits range from 8% to 10% per annum (2013: 7.5% to 10% per annum) payable monthly, quarterly, semi annually or on maturity.		

	Note	2014 Rupees	2013 Rupees
21. Accrued and other liabilities			
Accrued expenses			
Return on deposits from			
- individuals		619,638	191,152
- related parties		42,125	2,180,439
		661,763	2,371,591
Return on borrowing from			
- financial institutions - secured		-	965,318
		661,763	3,336,909
Other liabilities			
Unclaimed dividend		2,094,583	2,094,583
Others			
- related party		1,500,000	1,500,000
- others		682,844	422,455
		2,182,844	1,922,455
Payable to employees gratuity fund	32.3	2,963,337	1,649,026
		7,902,527	9,002,973
22. Contingencies and commitments			
22.1 Contingencies			
There were no contingencies as at the balance sheet date.			
22.2 Commitments			
Guarantees issued on behalf of customer:			
- Associated undertakings		15,226,100	18,733,000
- Others		50,000,000	50,000,000
23. Return on financing and placements			
Financing			
Demand finance		27,609,008	18,402,997
Placements			
With financial institution - unsecured		561,163	214,011
		28,170,171	18,617,008
24. Return on securities			
Return on government securities		37,929,945	46,849,358
Loss on sale of government securities		(15,707,227)	(604,989)
Dividend income		22,291,966	928,646
		44,514,684	47,173,015

	Note	2014 Rupees	2013 Rupees
25. Other income			
Gain / (loss) on sale of fixed assets		18,998	(1,922)
Commission income		440,460	798,147
Miscellaneous		623,662	510,595
		<u>1,083,120</u>	<u>1,306,820</u>
26. Finance cost			
Return on Certificate of Deposits		2,176,905	7,286,395
Return on borrowings under repurchase agreement (Repo)		21,203,967	26,540,276
		<u>23,380,872</u>	<u>33,826,671</u>
27. Administrative expenses			
Salaries, wages and other benefits		19,183,099	18,630,943
Contribution to provident fund	32.7	788,780	691,200
Gratuity scheme expense	32.4	883,977	723,077
Rent, rates and taxes		3,602,207	2,482,057
Telephone, telex and fax		671,382	710,171
Electricity, water and gas		1,395,145	1,181,788
Printing, postage and stationery		699,003	761,962
Insurance		565,795	568,104
Fees and membership		1,952,906	1,721,044
Brokerage and commission		107,323	43,530
Central Depository Company charges		264,450	59,661
Auditors' remuneration	27.1	354,100	352,200
Legal and professional fees		1,940,584	1,049,520
Vehicle running and maintenance		1,382,511	1,587,201
Repairs and maintenance		377,554	487,415
Advertisement		792,305	269,166
Travelling and entertainment		570,617	643,008
Depreciation	5	395,178	364,550
Bank charges		24,135	38,930
Old age benefit		100,400	118,800
Books, periodicals & newspapers		53,051	52,424
Other expenses		154,103	109,313
		<u>36,258,605</u>	<u>32,646,064</u>
27.1 Auditors' remuneration			
Statutory audit fee		339,300	325,000
Out of pocket expenses		14,800	27,200
		<u>354,100</u>	<u>352,200</u>

28. Taxation	Note	2014 Rupees	2013 Rupees
Current			
- for the year	28.1	(3,015,006)	(828,126)
Deferred			
- opening balance		(21,282,009)	(22,115,510)
- closing balance		21,965,724	21,282,009
		683,715	(833,501)
		(2,331,291)	(1,661,627)

28.1 Assessment of tax years 1995-96 to 2001-02 and tax years 2003, 2005, 2006 and 2007 have been finalized and rectification applications have been filed on rectifiable issues in respect of above mentioned tax years, which is pending for disposal.

The declared results for tax year 2008 were modified under section 122(1) of the Income Tax Ordinance, 2001 and demand of Rs. 68 million was raised by the department, against which SIBL has preferred appeal before the Commissioner of the Inland Revenue (Appeals II) which was decided against SIBL. SIBL has contested the aforesaid order before Appellate Tribunal Inland Revenue which is pending for fixation. No provision has been made against this demand as the management is confident that the appeal will be decided in favour of the SIBL.

The declared results for the tax year 2004, 2009, 2010, 2013 and 2014 are deemed to be assessed in terms of Section 120(1)(b) of Income Tax Ordinance 2001.

The return filed for the tax year 2011 was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was dully responded. However, no further information has been taken by the tax authorities.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. The order of Deputy Commissioner Inland Revenue was contested before CIR(A) who remanded back the case to DCIR for further verification. No further notice in this regard has been received by the SIBL.

28.2 Relationship between tax expense and accounting profit

The numerical reconciliation between tax expense and accounting profit has not been presented in these financial statements due to the applicability of minimum tax under section 113 of Income Tax Ordinance, 2001.

29. Earnings per share - basic and diluted

29.1 Basic

Profit after tax	12,205,604	3,416,330
Weighted average number of ordinary shares	51,433,558	51,433,558
Earnings per share	0.237	0.066

29.2 Diluted

No figure for diluted earnings per share has been presented as SIBL has not issued any instrument that would have an impact on its earnings exercised.

	Note	2014 Rupees	2013 Rupees
30. Cash and cash equivalents			
Cash and bank balances		54,903,699	8,619,929
Short term placements		73,500,000	-
		<u>128,403,699</u>	<u>8,619,929</u>
31. Staff strength			
Number of employees at end of the year		25	25
Average number of employees during the year		25	25
32. Defined benefit plan			
32.1 General description			
The scheme provides for retirement benefits for all permanent employees who complete qualifying period of service with SIBL at varying percentages of last drawn salary. The percentage depends on the number of service years with SIBL.			
Annual provision is based on actuarial valuation, which was carried out as at December 31, 2014 using the Projected Unit Credit Method.			
32.2 Principal actuarial assumptions			
Following principal actuarial assumptions were used for the valuation.			
Estimated rate of increase in salary of the employees		9.00%	10.00%
Discount rate		11.00%	13.00%
32.3 Net liability			
Beginning of the year		1,649,026	1,042,039
DB cost		2,963,337	606,987
Contribution made		(1,649,026)	-
End of the year		<u>2,963,337</u>	<u>1,649,026</u>
Reconciliation			
Obligation	32.3.1	9,785,697	6,345,926
Plan assets	32.3.2	(6,822,360)	(4,696,900)
Net liability		<u>2,963,337</u>	<u>1,649,026</u>
32.3.1 Obligation			
Present value of obligation at beginning of the year		6,345,926	5,304,348
Current service cost		669,604	603,243
Interest cost		824,970	610,000
Remeasurement due to:			
Changes in demographic assumptions		-	-
Changes in financial assumptions		1,028,560	(659,001)
Experience		916,637	487,336
Benefits paid		-	-
Present value of obligation at the end of the year		<u>9,785,697</u>	<u>6,345,926</u>

	Note	2014 Rupees	2013 Rupees
32.3.2 Plan assets			
Fair value of plan assets at beginning of the year		4,696,900	4,262,309
Interest income		610,597	490,166
Remeasurement due to:			
Investment return		(134,163)	(55,575)
Contribution made		1,649,026	-
Benefits paid		-	-
Fair value of plan assets at the end of the year		6,822,360	4,696,900

32.4 DB cost

Current service cost	669,604	603,243
Interest cost	214,373	119,834
Charged in profit and loss	883,977	723,077
Remeasurement due to:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	1,028,560	(659,001)
Experience on obligation	916,637	487,336
Investment return	134,163	55,575
Charged in other comprehensive income	2,079,360	(116,090)
Total DB cost	2,963,337	606,987

32.5 Payments

The company contributes to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any surplus or deficit.

Projected Payments	Rupees
Contributions 2015	2,963,337
Benefits:	
2015	343,033
2016	1,448,305
2017	219,140
2018	188,775
2019	200,422
2020-24	5,206,162

32.6 Based on actuarial advice the SIBL intends to charge an amount of approximately Rs.0.884 million (2013: Rs.0.723 million) in the financial statements for the year ending December 31, 2014.

32.7 Defined contribution plan

An amount of Rs.0.789 million (2013: Rs.0.691 million) has been charged during the year in respect of contributory provident fund maintained by the SIBL.

32.8 Disclosure relating to provident fund

The SIBL operates a recognized Provident Fund (the Fund) for its permanent employees

32.8 Disclosure relating to provident fund

The SIBL operates a recognized Provident Fund (the Fund) for its permanent employees

	2014	2013	2014	2013
	----Percentage----		Rupees	Rupees
(i) Size of Fund			12,407,322	9,884,021
(ii) Cost of investments made			11,078,115	9,363,302
(iii) Percentage of investments made			89.29	94.73
(iv) Fair value of investment in government securities			10,324,867	6,606,900

Break up of the investments is as follows:

	2014	2013	2014	2013
Bank balance	16.75	34.03	2,078,115	3,363,302
Government securities	72.54	60.70	9,000,000	6,000,000

33. Remuneration of chief executive and directors

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	-----Rupees-----					
Director's meeting fees	-	-	710,000	395,000	-	-
Managerial remuneration	2,996,000	4,494,000	-	-	7,908,000	7,044,000
Bonus	374,500	374,500	-	-	731,000	587,000
Medical expenses	281,269	122,123	-	-	653,000	599,000
Provident fund	-	-	-	-	516,600	465,600
Other benefits	950,476	973,878	-	-	-	-
	4,602,245	5,964,501	710,000	395,000	9,808,600	8,695,600
Number of persons	1	1	7	7	7	7

In addition to above the SIBL provides free use of SIBL maintained cars to its Chief Executive and other executives

34. Liquidity risk

Liquidity risk is the risk that the SIBL will encounter difficulty in raising funds to meet commitments associated with financial instruments. The SIBL has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis at Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the SIBL's assets and liabilities.

35. Maturities of assets and liabilities

	2014			
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Property, plant and equipment	1,061,796	-	-	1,061,796
Intangible assets	10,568,182	-	-	10,568,182
Long term investments	26,181,818	-	-	26,181,818
Deferred tax asset	23,049,304	23,049,304	-	-
Short term financing	212,300,000	212,300,000	-	-
Short term placements	73,500,000	73,500,000	-	-
Short term investments	29,562,484	29,562,484	-	-
Loans and advances	89,925,920	89,925,920	-	-
Deposits, prepayments and other receivables	5,231,707	5,231,707	-	-
Accrued interest	19,931,945	19,931,945	-	-
Cash and bank balances	54,903,699	54,903,699	-	-
	546,216,855	508,405,059	-	37,811,796
Liabilities				
Borrowings	-	-	-	-
Short term deposits	21,777,653	21,777,653	-	-
Accrued expenses and other liabilities	7,902,527	7,902,527	-	-
	29,680,180	29,680,180	-	-
Net assets	516,536,675	478,724,879	-	37,811,796

Represented by:

Share capital	514,335,580
Accumulated loss	(142,554,809)
Statutory reserves	145,543,127
Deficit on revaluation of investments - net of tax	(787,223)
	516,536,675

2013				
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Property, plant and equipment	1,207,931	-	-	1,207,931
Intangible assets	10,568,182	-	-	10,568,182
Long term investments	77,006,414	-	-	77,006,414
Deferred tax asset	32,389,507	32,389,507	-	-
Short term financing	125,500,000	125,500,000	-	-
Short term investments	430,858,059	430,858,059	-	-
Loans and advances	87,714,046	87,714,046	-	-
Deposits, prepayments and other receivables	5,504,828	5,504,828	-	-
Accrued interest	13,758,446	13,758,446	-	-
Cash and bank balances	8,619,929	8,619,929	-	-
	793,127,342	704,344,815	-	88,782,527
Liabilities				
Borrowings	176,766,009	176,766,009	-	-
Short term deposits	124,614,217	124,614,217	-	-
Accrued expenses and other liabilities	9,002,973	9,002,973	-	-
	310,383,199	310,383,199	-	-
Net assets	482,744,143	393,961,616	-	88,782,527

Represented by:

Share capital	514,335,580
Accumulated loss	(151,204,755)
Statutory reserves	143,380,640
Deficit on revaluation of investments - net of tax	(23,767,321)
	482,744,143

36. Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The SIBL attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a SIBL's performance to developments affecting a particular industry.

The SIBL follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the Security Exchange Commission of Pakistan and State Bank of Pakistan. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The SIBL seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of industry / sector analysis of finance portfolio is given below:

36.1	Finance	2014		2013	
		Rupees	%	Rupees	%
	Cables and electric goods	212,300,000	100	125,500,000	100
		212,300,000	100	125,500,000	100

36.2 Geographical Segment

These financial statements represent operations of the SIBL in Pakistan only.

37. Market risk

The SIBL's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the SIBL's activities include interest rate risk, currency risk and other price risk.

37.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The SIBL is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The SIBL manages this risk by matching the repricing of assets and liabilities.

The SIBL's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

Description	31 December 2014				
	Total	Exposed to Interest Rate / Yield Risk			Not Exposed to Interest Rate / Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Long term investments	26,181,818	-	-	-	26,181,818
Short term financing	212,300,000	212,300,000	-	-	-
Short term placements	73,500,000	73,500,000	-	-	-
Investment in Term Finance Certificates	6,066,100	6,066,100	-	-	-
Investment in Quoted shares	5,208,582	-	-	-	5,208,582
Investment in Pakistan Investment Bonds	18,287,802	18,287,802	-	-	-
Advance for office premises	2,500,000	-	-	-	2,500,000
Deposits and other receivables	4,116,150	-	-	-	4,116,150
Accrued interest	19,931,945	-	-	-	19,931,945
Cash and bank balances	54,903,699	52,250,741	-	-	2,652,958
Total	422,996,096	362,404,643	-	-	60,591,453
Financial liabilities					
Deposits	21,777,653	21,777,653	-	-	-
Profit accrued on deposits and borrowings	661,763	-	-	-	661,763
Accrued and other liabilities	4,277,427	-	-	-	4,277,427
Total	26,716,843	21,777,653	-	-	4,939,190
Total interest rate sensitivity gap		340,626,990	-	-	55,652,262
Cumulative interest rate sensitivity gap		340,626,990	340,626,990	340,626,990	

31 December 2013					
Description	Total	Exposed to Interest Rate / Yield Risk			Not Exposed to Interest Rate / Yield Risk
		Within one year	More than		
			one year and up to five years	Above five years	
Financial assets					
Long term investments	26,181,818	-	-	-	26,181,818
Short term financing	125,500,000	125,500,000	-	-	-
Investment in subsidiary company	100,000,000	-	-	-	100,000,000
Investment in Term Finance Certificates	6,865,348	6,865,348	-	-	-
Investment in Quoted shares	5,511,735	-	-	-	5,511,735
Investment in Pakistan Investment Bonds	369,305,572	318,480,976	-	50,824,596	-
Advance for office premises	2,500,000	-	-	-	2,500,000
Deposits and other receivables	4,309,496	-	-	-	4,309,496
Accrued interest	13,758,446	-	-	-	13,758,446
Cash and bank balances	8,619,929	2,517,286	-	-	6,102,643
Total	662,552,344	453,363,610	-	50,824,596	158,364,138
Financial liabilities					
Deposits	124,614,217	124,614,217	-	-	-
Borrowings	176,766,009	176,766,009	-	-	-
Profit accrued on deposits and borrowings	3,336,909	-	-	-	3,336,909
Accrued and other liabilities	4,017,038	-	-	-	4,017,038
Total	308,734,173	301,380,226	-	-	7,353,947
Total interest rate sensitivity gap		151,983,384	-	50,824,596	151,010,191
Cumulative interest rate sensitivity gap		151,983,384	151,983,384	202,807,980	

Mark-up rates are mentioned in the respective notes to these financial statements.

37.2 Equity price risk

The SIBL's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The SIBL manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the SIBL's senior management on a regular basis. The SIBL's Board of Directors reviews and approves all equity investment decisions.

37.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The SIBL is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions.

38. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the SIBL defines as net operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The SIBL is exposed to externally imposed capital requirements.

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 SIBL 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.

In the month of February 2015 SECP has issued draft amendments in the NBFC Regulations 2008 in which the time limit for minimum capital requirement is proposed to be extended for two years for compliance. However, if the proposed amendments are enacted in the same manner and the equity of the company remains below the minimum capital requirement then the deposit taking activities of the company will remained suspended during the compliance period.

39. Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying value of financial assets and financial liabilities approximate their fair values as reflected in the financial statements.

40. Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. The SIBL 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 given under note 33 to the financial statements, are as follows;

	2014 Rupees	2013 Rupees
Financing		
Balance as at year end		
- Associated companies	<u>212,300,000</u>	<u>125,500,000</u>
Return on financing		
Transactions during the year		
- Associated companies	<u>27,609,008</u>	<u>18,402,997</u>
Short term deposits		
Balance as at year end		
- Subsidiary company	<u>-</u>	<u>94,497,943</u>
- Associated undertakings	<u>6,255,883</u>	<u>5,739,342</u>
- Others	<u>7,489,162</u>	<u>16,355,273</u>
Return on deposits		
Transactions during the year		
- Subsidiary company	<u>763,396</u>	<u>5,554,289</u>
- Associated undertakings	<u>644,665</u>	<u>254,029</u>
- Others	<u>398,387</u>	<u>1,281,087</u>
Property, plant and equipment		
Additions		
- Subsidiary company	<u>-</u>	<u>294,216</u>

	2014 Rupees	2013 Rupees
Guarantee issued		
Balance as at year end		
- Associated undertakings	<u><u>15,226,100</u></u>	<u><u>18,733,000</u></u>
Other transactions during the year		
Contribution to staff provident fund	<u><u>788,780</u></u>	<u><u>691,200</u></u>
Contribution to staff gratuity fund	<u><u>1,649,026</u></u>	<u><u>-</u></u>
Commission income	<u><u>118,714</u></u>	<u><u>137,330</u></u>
Dividend income	<u><u>21,000,000</u></u>	<u><u>-</u></u>

41. Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors on March 18, 2015

42. Figures

42.1 Figures have been rounded off to the nearest rupee.

42.2 Comparative information has been re-classified or re-arranged, wherever necessary, for the purpose of better presentation.

MUHAMMAD MEHBOOB
CHIEF EXECUTIVE

HAJI JAN MUHAMMAD
CHAIRMAN



23RD ANNUAL REPORT 2014

CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2014

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **SECURITY INVESTMENT BANK LIMITED** ("the Investment Bank or the Holding Company") and its subsidiary company ("SIBL Exchange Company (Private) Limited") as at December 31, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of the Investment Bank and its subsidiary company.

These financial statements are the responsibility of the Investment Bank's management. Our Responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards of Auditing as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Investment Bank and its subsidiary company as at December 31, 2014, and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to note 39 to the accompanying financial statements which shows that the Investment Bank is not meeting the minimum capital requirement under Non-Banking Finance Companies and Notified Entities regulations 2008.

MUNIFF ZIAUDDIN & CO.

Chartered Accountants

Karachi.

Dated: March 18, 2015

Engagement Partner: Mohammad Moin Khan

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
Assets			
Property, plant and equipment	5	1,061,796	1,207,931
Intangible assets	6	10,568,182	10,568,182
Long term investments	7	26,181,818	77,006,414
Deferred tax asset - net	8	23,049,304	32,389,507
Current assets			
Short term financing	9	212,300,000	125,500,000
Short term placements	10	73,500,000	-
Short term investments	11	29,562,484	330,858,059
Loans and advances	12	89,925,920	88,467,607
Deposits, prepayments and other receivables	13	5,231,707	5,403,096
Accrued interest	14	19,931,945	13,758,446
Cash and bank balances	15	54,903,699	34,272,402
		485,355,755	598,259,610
		546,216,855	719,431,644
Share capital and liabilities			
Capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	16	514,335,580	514,335,580
Accumulated loss		(142,554,809)	(130,177,536)
Statutory reserve	17	145,543,127	143,380,640
		517,323,898	527,538,684
Deficit on revaluation of investments - net of tax	18	(787,223)	(23,767,322)
Current liabilities			
Borrowings	19	-	176,766,009
Short term deposits	20	21,777,653	30,116,274
Accrued and other liabilities	21	7,902,527	8,777,999
		29,680,180	215,660,283
Contingencies and commitments	22		
		546,216,855	719,431,644

The annexed notes 1 to 43 form an integral part of these financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
Income			
Return on financing and placements	23	28,170,171	18,617,008
Return on securities	24	23,357,623	47,173,015
Gain on sale of investments		102,479	4,188,084
Profit on deposit with banks		305,918	265,765
Other income	25	1,083,990	2,377,643
		53,020,181	72,621,515
Expenditure			
Finance cost	26	21,272,960	29,398,969
Administrative expenses	27	36,879,710	35,935,828
		58,152,670	65,334,797
(Loss) / profit before taxation		(5,132,489)	7,286,718
Taxation	28	(3,689,126)	(1,950,307)
(Loss) / profit for the year		(8,821,615)	5,336,411
(Loss) / earnings per share - basic and diluted	29	(0.172)	0.104

The annexed notes 1 to 43 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 Rupees	2013 Rupees
(Loss) / profit for the year	(8,821,615)	5,336,411
Other comprehensive Income		
Remeasurement of defined benefit plans	(2,079,360)	116,090
Deferred tax	686,189	(39,471)
Remeasurement of defined benefit plans - net of tax	(1,393,171)	76,619
Total comprehensive (loss) / income for the year - net of tax	(10,214,786)	5,413,030

The annexed notes 1 to 43 form an integral part of these financial statements.

CONSOLIDATED CAHSF FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(5,132,489)	7,286,718
Adjustment for non-cash and other items			
Depreciation		395,178	364,550
Gain on disposal of shares		(102,479)	(4,188,084)
(Gain) / loss on disposal of property, plant and equipment		(18,998)	1,922
Exchange loss		-	171,175
Impairment on property, plant and equipment		-	149,879
Loss on sale of government securities		15,707,227	-
Provision for gratuity		883,977	723,077
		16,864,905	(2,777,481)
Cash flows from operating activities before working capital changes		11,732,416	4,509,237
(Increase) / decrease in current assets			
Short term financing		(86,800,000)	19,766,169
Loans and advances		(431,453)	162,074
Deposits, prepayments and other receivables		171,389	1,636,897
Accrued interest		(6,173,499)	6,115,387
		(93,233,563)	27,680,527
Increase / (decrease) in current liabilities			
Short term deposits		(8,338,621)	9,803,598
Borrowings		(176,766,009)	(183,602,317)
Accrued and other liabilities		(2,189,783)	165,729
		(187,294,413)	(173,632,990)
Net change in current assets and liabilities		(280,527,976)	(145,952,463)
Income tax paid		(5,467,021)	(4,990,225)
Gratuity paid		(1,649,026)	-
		(7,116,047)	(4,990,225)
Net cash used in operating activities		(275,911,607)	(146,433,451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment net of proceeds from disposal		(230,045)	(522,521)
Sale of investments (shares)		2,275,704	29,848,005
Sale of securities		367,997,245	115,850,309
Net cash generated from investing activities		370,042,904	145,175,793
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase / (decrease) in cash and cash equivalents		94,131,297	(1,257,657)
Cash and cash equivalents at the beginning of the year		34,272,402	35,530,059
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	30	128,403,699	34,272,402

The annexed notes 1 to 43 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share Capital (Note 16)	Statutory Reserve (Note 17)	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at January 01, 2013	514,335,580	142,682,050	(134,891,976)	522,125,654
Total comprehensive income for the year	-	-	5,413,030	5,413,030
Appropriation :				
Statutory reserve	-	698,590	(698,590)	-
Balance as at December 31, 2013	514,335,580	143,380,640	(130,177,536)	527,538,684
Total comprehensive loss for the year	-	-	(10,214,786)	(10,214,786)
Appropriation :				
Statutory reserve	-	2,162,487	(2,162,487)	-
Balance as at December 31, 2014	514,335,580	145,543,127	(142,554,809)	517,323,898

The annexed notes 1 to 43 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 LEGAL STATUS AND OPERATION

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 (Private) Limited (SIBLE).

SIBL (the parent) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Bank 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, 2007 (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 Bank 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 Shop no. 2, Al-Rahim Tower, I. I. Chundrigar Road, Karachi.

State Bank of Pakistan has revoked the license of SIBL Exchange Company (Private) Limited from October 01, 2012, through letter dated January 8, 2013, for non-compliance of minimum capital requirement. Members of the company has passed the resolution for its winding-up on October 31, 2013 and appointed its liquidator. The company has been wound-up as of December 31, 2014.

1.1 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statements of "Security Investment Bank Limited" and its wholly owned subsidiary "SIBL Exchange Company (Private) Limited".

The financial statements of subsidiary company have been consolidated on line by line basis and carrying value of investment held by the parent company is eliminated against the subsidiary's shareholders equity in the consolidated financial statements. All Intra-group balances, transactions and resulting profit / losses have been eliminated.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved International Accounting Standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 as amended through SRO 1131 (I)/2007 dated 21 November 2007, Non-Banking Finance Companies and Notified Entities Regulations 2008 and the directives issued by the SECP. Approved accounting standards comprise of such International Accounting Standards / International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, NBFC Rules or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

The SECP has deferred the applicability of International Accounting Standards, IAS-39, 'Financial Instruments: Recognition and measurement' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. The SECP has also deferred the applicability

of International Financial Reporting Standard, IFRS-7, 'Financial Instruments: Disclosures' through Circular No. 411(I)/2008 dated April 28, 2008 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 Functional and Presentation Currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Group and rounded to the nearest Rupee.

2.3 Accounting standards or an interpretations not yet effective

The following standards, amendments and interpretation of approved accounting standards are applicable in Pakistan from the dates mentioned below against the respective standard or amendment:

IAS 27 - Separate Financial Statements (Amendments)	effective from accounting period beginning on or after 01 January 2015
IFRS 10 - Consolidated Financial Statements (Amendments)	effective from accounting period beginning on or after 01 January 2015
IFRS 11 - Joint Arrangements	effective from accounting period beginning on or after 01 January 2015
IFRS 12 - Disclosure of Interest in other entities (Amendments)	effective from accounting period beginning on or after 01 January 2015
IFRS 13 - Fair Value Measurement	effective from accounting period beginning on or after 01 January 2015

2.4 SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's / accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) determining the residual values and useful lives of property and equipment (note 5)
- (b) classification of investments (note 7 and 11)
- (c) recognition of taxation and deferred tax (note 8 and 28) and
- (d) accounting for post employment benefits (note 32)

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for held for trading and available for sale investments, which are stated at fair value.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment and depreciation

Property, plant and equipments are stated at cost less accumulated depreciation.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 5 to these financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are included in current year's income. Major renewals and repairs are capitalized.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

4.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

4.2.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

4.3 Impairment

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4 Investments

Held-to-maturity

Investment with fixed maturity where management has both the intent and ability to hold to maturity, are classified as held-to-maturity.

Available-for-sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes to interest rates, exchange rates or equity prices are classified as available-for-sale.

Held-for-trading

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held-for-trading.

All Investments are initially recorded at cost, being the fair value of the consideration given.

Subsequent to initial recognition, investments available for sale and investments held for trading for which active

market exists, are measured at market value using rates quoted on Reuters, stock exchange quotes and broker's quotations, in accordance with the requirements of circulars issued by State Bank of Pakistan. In case of available for sale investments, any difference between the carrying value and the revalued amount is taken to surplus/ (deficit) on revaluation of investments account and shown separately in the balance sheet below shareholders' equity, until realised on disposal. At the time of disposal the respective surplus or deficit is transferred to income currently. Amortization cost is charged to profit and loss account.

Investments held till Maturity are stated at amortized cost using the effective interest rate method less impairment, if any. The amortization for the period has been charged to the profit and loss account.

4.5 Securities under repurchase / resale agreement

Transactions of repurchase / resale of government securities, term finance certificates and shares are entered into at contracted rates for specified period of time and are accounted for as follows:

Repurchase agreements

The securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are included in borrowings from institutions. The difference between sale and repurchase price is treated as mark-up on borrowings from institutions and accrued as expense over the life of the repo agreement.

Reverse repurchase agreements

The securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these obligations are included in placements. The difference between purchase and resale price is accrued as income over the life of the reverse repo agreement.

4.6 Trade date and Settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.7 Staff retirement benefits

4.7.1 Defined contribution plan

The Group operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the SIBL and the employee, to the fund at ten percent of basic salary.

4.7.2 Defined benefit plan

The Group operates an Unfunded Gratuity for its permanent employees of SIBL who complete the qualifying period of service. Provision has been made in accordance with actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 32.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

4.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.9 Financial instruments

All financial assets and financial liabilities are recognized at the time when group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

4.10 Classification of deposits and financing

Deposits and financing are classified as long and short term considering the remaining period at the balance sheet date.

4.11 Cash and Cash equivalents

Cash and Cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks in current and deposit account and short term clean placements.

4.12 Provisions

Provisions are recognized when the group has legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.13 Revenue

Income on financing, placement, government securities, profit on deposits and term finance certificates are generally recognized on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognized on receipts basis.

Dividends on equity investments are recognized as income when the right to receive payment is established.

Income from capital gains is recognized on earned basis.

Fee, commission, liquidated damages etc. are recorded on actual receipt basis except guarantee commission received in advance which is spread over the guarantee period.

4.14 Finance cost

Finance cost includes return on deposits and borrowings that are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

4.15 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax rebates and credits, if any, or at 1% of turnover whichever is higher.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax on surplus / deficit on revaluation of investments is charged or credited directly to the same account.

4.16 Related party transactions

The company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

4.17 Foreign currencies

Assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing on the balance sheet date.

Other foreign currency transactions are converted at the rates prevailing on the date of the transactions.

Exchange differences, if any, are included in the current year's income.

4.18 Provision for doubtful debts on financing

Provision is made against doubtful receivable in pursuance of Securities & Exchange Commission of Pakistan's NBFC and Notified Entities Regulations 2008.

4.19 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

5. Property, plant and equipment

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2014	
	As at January 01, 2014	Additions	Deletions		As at December 31, 2014	Charge for the year	Adjustment		As at December 31, 2014
Computer and equipments	4,644,340	203,066	-	4,847,406	20%	270,131	-	4,264,037	583,369
Furniture and fixtures	3,146,836	-	-	3,146,836	10%	21,204	-	3,067,501	79,335
Generator	886,321	-	-	886,321	10%	46,632	-	734,764	151,557
Sign board	245,784	-	-	245,784	10%	9,679	-	187,678	58,106
Telephone system	177,496	-	-	177,496	10%	3,700	-	166,553	10,943
Vehicles	3,295,131	45,980	(1,057,280)	2,283,831	20%	43,832	(1,057,277)	2,105,345	178,486
2014	12,395,908	249,046	(1,057,280)	11,587,674		395,178	(1,057,277)	10,525,878	1,061,796
PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2013	
	As at January 01, 2013	Additions	Deletions		As at December 31, 2013	Charge for the year	Adjustment		As at December 31, 2013
Computer and equipments	5,696,173	323,405	(1,375,238)	4,644,340	20%	265,395	(1,219,630)	3,993,906	650,434
Furniture and fixtures	3,691,836	30,000	(575,000)	3,146,836	10%	20,382	(354,585)	3,046,297	100,539
Generator	886,321	-	-	886,321	10%	46,632	-	688,132	198,189
Sign board	262,868	7,716	(24,800)	245,784	10%	9,100	(24,084)	177,999	67,785
Telephone system	241,496	1,000	(65,000)	177,496	10%	5,367	(46,038)	162,853	14,643
Vehicles	3,688,084	200,000	(592,953)	3,295,131	20%	17,674	(502,764)	3,118,790	176,341
2013	14,466,778	*562,121	** (2,632,991)	12,395,908		364,550	(2,147,101)	11,187,977	1,207,931

5.1 Cost and accumulated depreciation as at the end of the year include Rs. 9,102,405/- (2013: Rs. 11,466,634/-) in respect of fully depreciated assets still in use.

5.2 Schedule of disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Gain	Sold to	Mode of disposal
Vehicles - Honda Civic	927,790	927,789	1	1	-	Mr. Saleem Rathod - Chief Executive / President	Approved by the Board of Directors
Vehicles - Motor cycle	69,000	68,999	1	4,000	3,999	Mr Muhammad Junaid - Staff	Negotiation
Vehicles - Motor cycle	60,490	60,489	1	15,000	14,999	Mr Zeeshan Younus - Staff	Negotiation
	1,057,280	1,057,277	3	19,001	18,998		

* This includes assets transferred from SIBL To SIBL at written down value of Rs. 294,216/-.

** This includes assets transferred from SIBL To SIBL.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax on surplus / deficit on revaluation of investments is charged or credited directly to the same account.

4.16 Related party transactions

The company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

4.17 Foreign currencies

Assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing on the balance sheet date.

Other foreign currency transactions are converted at the rates prevailing on the date of the transactions.

Exchange differences, if any, are included in the current year's income.

4.18 Provision for doubtful debts on financing

Provision is made against doubtful receivable in pursuance of Securities & Exchange Commission of Pakistan's NBFC and Notified Entities Regulations 2008.

4.19 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

	Note	2014 Rupees	2013 Rupees
6. Intangible assets			
Trading Right Entitlement Certificate - Karachi Stock Exchange Limited	6.1	9,818,182	9,818,182
Corporate membership of the Pakistan Mercantile Exchange Limited		750,000	750,000
		10,568,182	10,568,182

6.1 This represents Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act). The SIBL has also received shares of KSE after completion of the demutualisation process. The TREC have been recorded at 9.8 million. For details, refer to note 7.2.

7.	Long term investments	Note	2014 Rupees	2013 Rupees
	Held to maturity investment			
	Pakistan Investment Bonds	7.1	-	50,824,596
	Investment - at fair value through other comprehensive income			
	Karachi Stock Exchange Limited - available for sale	7.2	<u>26,181,818</u>	<u>26,181,818</u>
			<u>26,181,818</u>	<u>77,006,414</u>
7.1	Pakistan Investment Bonds			
	Cost		-	50,903,748
	Less: Amortization for the year		-	(79,152)
			-	<u>50,824,596</u>

These represent investment in 20 year bonds issued by the Government of Pakistan having face value of Rs. Nil (2013: Rs.50,000,000/-) carrying mark-up rate (coupon rate) of 10% per annum.

- 7.2** Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the SIBL received shares and TREC from the KSE against its membership card which was carried at Rs. 36 million in the books of the SIBL.

The above arrangement has resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the SIBL by the KSE. Out of total shares issued by the KSE, the SIBL has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the SIBL's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested / sold to strategic investor(s), general public and financial institutions and proceeds are paid to the SIBL.

The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost / carrying value of the membership card between the two distinct assets on a reasonable basis.

The above mentioned face value (Rs.40 million) of the shares issued by the KSE to its members including the SIBL has been determined on the basis of the fair valuation of the underlying assets and liabilities of the KSE in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. In other words, shares worth Rs.40 million received by the SIBL represent its share in the fair value of the net assets of the KSE. Under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the KSE has introduced a minimum capital regime for the brokers, and for this purpose, TREC valued at Rs.15 million as per the decision of the Board of Directors of the KSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs.15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair values of KSE shares (Rs.40 million) and TREC (Rs.15 million), the SIBL has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 26.18 million and TREC at Rs. 9.8 million.

	2014 Rupees	2013 Rupees
8. Deferred tax asset - net		
Deferred tax assets arising in respect of:		
Deficit on revaluation of securities	328,504	11,038,611
Remeasurement of defined benefit plans - O.C.I component	755,076	68,887
Accelerated depreciation	(26,046)	2,051
Tax losses	21,991,770	21,279,958
	23,049,304	32,389,507
8.1 Movement in deferred tax asset		
Opening balance	32,389,507	29,173,983
Provision (reversed) / made during the year	(9,340,203)	3,165,952
Closing balance	23,049,304	32,389,507
8.2	The SIBL has an aggregate amount of Rs. 66.642 million (2013: Rs. 62.588 million) in respect of unabsorbed tax losses as at December 31, 2014 on which the management has recognized deferred tax asset of Rs. 21.992 million (2013: Rs. 21.280 million). The management of the SIBL believes that based on the projections of future taxable profit it would be able to realize these tax losses in the future.	

9. Short term financing - secured and considered good

Associated companies	9.1	212,300,000	125,500,000
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9.1 These are secured by hypothecation or a charge on assets of customers and pledged certificate of deposits. The mark-up rate is 16% per annum (2013: 14% & 16% per annum).

10. Short term placements-considered good

Placements with financial Institutions-unsecured	10.1	73,500,000	-
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10.1 These represent clean placement with financial institutions on short term basis up to January 02, 2015 carrying markup @ 9.45% per annum (2013: Nil).

11. Short term investments - available for sale

Pakistan Investment Bonds	11.1	18,287,802	318,480,976
Term Finance Certificates	11.1	6,066,100	6,865,348
Quoted shares	11.1	5,208,582	5,511,735
Unquoted shares	11.1	-	-
		29,562,484	330,858,059

11.1 Securities given as collateral under repurchase agreements:

Note	2014			2013		
	Held by SIBL	Repo	Total	Held by SIBL	Repo	Total
Rupees						
Pakistan Investment						
Bonds	11.1.1	18,287,802	-	18,287,802	137,126,690	181,354,286
Term Finance Certificates	11.1.2	6,066,100	-	6,066,100	6,865,348	-
Quoted Shares	11.1.3	5,208,582	-	5,208,582	5,511,735	-
Unquoted Shares	11.1.4	-	-	-	-	-
		29,562,484	0	29,562,484	149,753,773	149,753,773

11.1.2 Particulars of listed Term Finance Certificates (TFCs):

Issuer of TFC	No. of Certificates	2014		2013			
		2014	2013	Cost	Market Value		
..... Rupees							
Telecard Limited	11.1.2.1	5,000	5,000	7,937,875	6,066,100	8,983,742	6,865,348

11.1.2.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Telecard Limited	5,000	3.75% over 6 months	Semi - annually	Originally Eight years from May 2005. Rescheduled upto May 27, 2015
Valuation of certificates				
Initial value of certificates	5,000			
Redemption upto December 31, 2014	3,412			
Balance as at December 31, 2014	1,588			

11.1.2.2 Telecard has restructured its TFCs redemption schedule on December 30, 2011 relating to the default of payment of redemption due on May 27, 2011, without any consequences or delay penalties after the approval obtained by the company from the TFC holders upon company's request. The said restructuring has resulted in lower current maturity. As a result, the last redemption date has been extended to May 27, 2015, instead of the revised final redemption date of November 27, 2013.

The TFCs are secured against a first specific charge over the fixed assets of the company, aggregating to Rs. 800 million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

11.1.3 Quoted Shares

All shares / units have face value of Rs. 10/- each unless identified otherwise.

2014	2013	2014		2013	
		Cost	Market	Cost	Market
No. of ordinary shares, certificates / units		----- Rupees -----			
Modarabas / Mutual funds					
4,500	4,500	64,170	110,925	64,170	112,860
Leasing					
42,370	42,370	59,742	105,925	59,742	119,483
Investment banks / Companies / Banks					
32,001	57,290	1,319,190	1,792,056	2,361,689	1,834,999
35,000	103,571	629,453	807,578	1,862,658	1,450,122
3,825	3,825	52,670	133,416	52,670	103,428
31,625	31,625	1,189,797	2,196,673	1,189,797	1,836,148
1,644	1,644	21,684	4,028	21,684	5,409
2,270	2,270	68,259	33,006	68,259	20,861
Miscellaneous					
7,500	7,500	43,875	24,975	43,875	28,425
		3,448,840	5,208,582	5,724,544	5,511,735

11.1.4 Unquoted Shares

All shares / units have face value of Rs. 10/- each unless identified otherwise.

2014		2013		2014		2013	
No. of ordinary shares, certificates / units		Cost	Market Value	Cost	Market Value	Rupees	
		----- Rupees -----					
		Modarabas / Mutual funds					
500	500	225	-	225	-	Long Term Venture Modaraba	
		Sugar & Allied Industries					
100	100	8,000	-	8,000	-	Hamza Sugar	
600	600	8,225	-	8,225	-		

		Note	2014 Rupees	2013 Rupees
12.	Loans and advances			
	Advances - considered good			
	For expenses		1,123,826	692,373
	For office premises		2,500,000	2,500,000
	Advance income tax less provision for tax		86,302,094	85,275,234
			89,925,920	88,467,607
13.	Deposits, prepayments and other receivables			
	Security deposits		1,346,868	1,443,788
	PMEX exposure limits	13.1	1,095,327	1,090,518
	KSE exposure limits		750,000	750,000
	Prepayments		1,115,557	1,195,332
	Other receivables - considered good		923,955	923,458
			5,231,707	5,403,096
13.1	This represents interest bearing security deposit of Rs. 701,000 (2013: Rs.701,000) which carries markup at the rate of 6% to 6.5% (2013: 7% to 9.5%).			
14.	Accrued interest			
	Income receivable	14.1	19,830,940	13,649,907
	Accrued profit on PLS deposits		101,005	108,539
			19,931,945	13,758,446
14.1	Income receivable			
	Considered good			
	Not due	14.1.1	19,830,940	13,649,907
14.1.1	This represents income on financing and government securities not matured / due on December 31, 2014.			

	Note	2014 Rupees	2013 Rupees
15. Cash and bank balances			
With State Bank of Pakistan in			
- Current account		121,359	25,465,669
With other banks in			
- Current accounts		2,530,969	6,137,156
- Deposit accounts	15.1	52,250,741	2,532,411
		54,781,710	8,669,567
Cash in hand		630	137,166
		<u>54,903,699</u>	<u>34,272,402</u>
15.1		Rate of return on these deposits accounts range from 6% to 7.5% per annum (2013: 6% to 6.05% per annum).	
16. Issued, subscribed and paid-up capital			
		Number of shares	
		<u>2014</u>	<u>2013</u>
		23,552,000	23,552,000
			Ordinary shares of Rs. 10/- each fully paid in cash
			235,520,000
			235,520,000
		27,881,558	27,881,558
			Ordinary shares of Rs. 10/- each issued as fully paid bonus shares
			278,815,580
			278,815,580
		<u>51,433,558</u>	<u>51,433,558</u>
			<u>514,335,580</u>
			<u>514,335,580</u>
17. Statutory reserve			
Capital reserve			
Statutory reserve	17.1	<u>145,543,127</u>	<u>143,380,640</u>
17.1		This reserve is created at twenty percent of profit for the year from ordinary activities after taxation in compliance with Regulation No. 16 of Part I of Chapter II of SECP's NBFCs and Notified Entities Regulations 2008.	
18. Deficit on revaluation of investments - net of tax			
Government securities		(995,467)	(32,466,504)
Term Finance Certificates		(1,871,775)	(2,118,394)
		<u>(2,867,242)</u>	<u>(34,584,898)</u>
Related deferred tax asset		328,504	11,038,611
		<u>(2,538,738)</u>	<u>(23,546,287)</u>
Quoted shares		1,751,515	(221,035)
		<u>(787,223)</u>	<u>(23,767,322)</u>
19. Borrowings			
Financial institutions - secured	19.1	-	176,766,009

19.1 This represents amount borrowed from financial institutions at mark-up rates ranging between Nil (2013: 10.80% to 10.85% per annum). These were secured against Pakistan Investment Bonds.

	Note	2014 Rupees	2013 Rupees
20. Short term deposits			
From individuals		8,032,608	8,021,659
From related parties			
Associated undertakings		6,255,883	5,739,342
Others		7,489,162	16,355,273
	20.1	21,777,653	30,116,274

20.1 This represents Certificate of Deposits with maturity ranging from one month to twelve months. The expected rate of return on these deposits range from 8% to 10% per annum (2013: 7.5% to 10% per annum) payable monthly, quarterly, semi annually or on maturity.

21. Accrued and other liabilities

Accrued expenses

Return on deposits from

- individuals

- related parties

619,638	191,152
42,125	1,955,466
661,763	2,146,618

Return on borrowing from

- financial institutions - secured

-	965,318
661,763	3,111,936

Other liabilities

Unclaimed dividend

Others

- related party

- others

2,094,583	2,094,583
1,500,000	1,500,000
682,844	422,454
2,182,844	1,922,454

Payable to employees gratuity fund

32.3	2,963,337	1,649,026
	7,902,527	8,777,999

22. Contingencies and commitments

22.1 Contingencies

There were no contingencies as at the balance sheet date.

22.2 Commitments

Guarantees issued on behalf of customer:

- Associated undertakings

- Others

15,226,100	18,733,000
50,000,000	50,000,000

	Note	2014 Rupees	2013 Rupees
23. Return on financing and placements			
Financing			
Demand finance		27,609,008	18,402,997
Placements			
With financial institution - unsecured		561,163	214,011
		28,170,171	18,617,008
24. Return on securities			
Return on government securities		37,929,945	46,849,358
Loss on sale of government securities		(15,707,227)	(604,989)
Dividend income		1,134,905	928,646
		23,357,623	47,173,015
25. Other income			
Gain / (loss) on sale of fixed assets		18,998	(1,922)
Commission income		440,460	798,147
Miscellaneous		624,532	1,581,418
		1,083,990	2,377,643
26. Finance cost			
Return on Certificate of Deposits		68,993	2,858,693
Return on borrowings under repurchase agreement (Repo)		21,203,967	26,540,276
		21,272,960	29,398,969
27. Administrative expenses			
Salaries, wages and other benefits		19,216,099	19,046,943
Contribution to provident fund	32.7	788,780	691,200
Gratuity scheme expense	32.4	883,977	723,077
Rent, rates and taxes		3,602,207	2,482,057
Telephone, telex and fax		687,682	748,387
Electricity, water and gas		1,405,544	1,239,032
Printing, postage and stationery		699,003	927,527
Insurance		565,795	577,349
Fees and membership		1,952,906	1,724,094
Brokerage and commission		107,323	43,530
Central Depository Company charges		264,450	59,661
Auditors' remuneration	27.1	406,100	452,200
Legal and professional fees		2,400,584	1,477,920
Vehicle running and maintenance		1,382,511	1,689,986
Repairs and maintenance		377,554	479,342
Advertisement		792,305	269,166
Travelling and entertainment		570,617	644,104
Depreciation	5	395,178	364,550
Bank charges		24,135	38,930
Old age benefit		100,400	118,800
Books, periodicals & newspapers		53,051	52,424
Other expenses		203,509	2,085,549
		36,879,710	35,935,828

	Note	2014 Rupees	2013 Rupees
27.1 Auditors' remuneration			
Statutory audit fee		391,300	425,000
Out of pocket expenses		14,800	27,200
		406,100	452,200
28. Taxation			
Current			
- for the year	28.1	(4,372,841)	(1,116,806)
Deferred			
- opening balance		(21,282,009)	(22,115,510)
- closing balance		21,965,724	21,282,009
		683,715	(833,501)
		(3,689,126)	(1,950,307)

28.1 Assessment of tax years 1995-96 to 2001-02 and tax years 2003, 2005, 2006 and 2007 have been finalized and rectification applications have been filed on rectifiable issues in respect of above mentioned tax years, which is pending for disposal.

The declared results for tax year 2008 were modified under section 122(1) of the Income Tax Ordinance, 2001 and demand of Rs. 68 million was raised by the department, against which SIBL has preferred appeal before the Commissioner of the Inland Revenue (Appeals II) which was decided against SIBL. SIBL has contested the aforesaid order before Appellate Tribunal Inland Revenue which is pending for fixation. No provision has been made against this demand as the management is confident that the appeal will be decided in favour of the Group.

The declared results for the tax year 2004, 2009, 2010, 2013 and 2014 are deemed to be assessed in terms of Section 120(1)(b) of Income Tax Ordinance 2001.

The return filed for the tax year 2011 was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was duly responded. However, no further information has been taken by the tax authorities.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. The order of Deputy Commissioner Inland Revenue was contested before CIR(A) who remanded back the case to DCIR for further verification. No further notice in this regard has been received by the SIBL.

28.2 Relationship between tax expense and accounting profit

The numerical reconciliation between tax expense and accounting profit has not been presented in these financial statements due to the applicability of minimum tax under section 113 of Income Tax Ordinance, 2001.

29. Earnings per share - basic and diluted

29.1 Basic

(Loss) / profit for the year	(8,821,615)	5,336,411
Weighted average number of ordinary shares	51,433,558	51,433,558
(Loss) / earnings per share	(0.172)	0.104

29.2 Diluted

No figure for diluted earnings per share has been presented as SIBL has not issued any instrument that would have an impact on its earnings exercised.

	Note	2014 Rupees	2013 Rupees
30. Cash and cash equivalents			
Cash and bank balances		54,903,699	34,272,402
Short term placements		73,500,000	-
		<u>128,403,699</u>	<u>34,272,402</u>
31. Staff strength			
Number of employees at end of the year		25	27
Average number of employees during the year		26	30
32. Defined benefit plan			
32.1 General description			
The scheme provides for retirement benefits for all permanent employees who complete qualifying period of service with SIBL at varying percentages of last drawn salary. The percentage depends on the number of service years with SIBL.			
Annual provision is based on actuarial valuation, which was carried out as at December 31, 2014 using the Projected Unit Credit Method.			
32.2 Principal actuarial assumptions			
Following principal actuarial assumptions were used for the valuation.			
Estimated rate of increase in salary of the employees		9.00%	10.00%
Discount rate		11.00%	13.00%
32.3 Net liability			
Beginning of the year		1,649,026	1,042,039
DB cost		2,963,337	606,987
Contribution made		(1,649,026)	-
End of the year		<u>2,963,337</u>	<u>1,649,026</u>
Reconciliation			
Obligation	32.3.1	9,785,697	6,345,926
Plan assets	32.3.2	(6,822,360)	(4,696,900)
Net liability		<u>2,963,337</u>	<u>1,649,026</u>

	Note	2014 Rupees	2013 Rupees
32.3.1 Obligation			
Present value of obligation at beginning of the year		6,345,926	5,304,348
Current service cost		669,604	603,243
Interest cost		824,970	610,000
Remeasurement due to:			
Changes in demographic assumptions		-	-
Changes in financial assumptions		1,028,560	(659,001)
Experience		916,637	487,336
Benefits paid		-	-
Present value of obligation at the end of the year		9,785,697	6,345,926
32.3.2 Plan assets			
Fair value of plan assets at beginning of the year		4,696,900	4,262,309
Interest income		610,597	490,166
Remeasurement due to:			
Investment return		(134,163)	(55,575)
Contribution made		1,649,026	-
Benefits paid		-	-
Fair value of plan assets at the end of the year		6,822,360	4,696,900
32.4 DB cost			
Current service cost		669,604	603,243
Interest cost		214,373	119,834
Charged in profit and loss		883,977	723,077
Remeasurement due to:			
Changes in demographic assumptions		-	-
Changes in financial assumptions		1,028,560	(659,001)
Experience on obligation		916,637	487,336
Investment return		134,163	55,575
Charged in other comprehensive income		2,079,360	(116,090)
Total DB cost		2,963,337	606,987
32.5 Payments			

The company contributes to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any surplus or deficit.

<u>Projected Payments</u>	<u>Rupees</u>
Contributions 2015	2,963,337
Benefits:	
2015	343,033
2016	1,448,305
2017	219,140
2018	188,775
2019	200,422
2020-24	5,206,162

32.6 Based on actuarial advice the SIBL intends to charge an amount of approximately Rs.0.884 million (2013: Rs.0.723 million) in the financial statements for the year ending December 31, 2014.

32.7 Defined contribution plan

An amount of Rs.0.789 million (2013: Rs.0.691 million) has been charged during the year in respect of contributory provident fund maintained by the SIBL.

32.8 Disclosure relating to provident fund

The SIBL operates a recognized Provident Fund (the Fund) for its permanent employees

	2014	2013	2014	2013
	---Percentage---		Rupees	Rupees
(i) Size of Fund			12,407,322	9,884,021
(ii) Cost of investments made			11,078,115	9,363,302
(iii) Percentage of investments made			89.29	94.73
(iv) Fair value of investment in government securities			10,324,867	6,606,900

Break up of the investments is as follows:

Bank balance	16.75	34.03	2,078,115	3,363,302
Government securities	72.54	60.70	9,000,000	6,000,000

33. Remuneration of chief executive and directors

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Director's meeting fees	-	-	710,000	395,000	-	-
Managerial remuneration	2,996,000	4,494,000	-	-	7,908,000	7,044,000
Bonus	374,500	374,500	-	-	731,000	587,000
Medical expenses	281,269	122,123	-	-	653,000	599,000
Provident fund	-	-	-	-	516,600	465,600
Other benefits	950,476	973,878	-	-	-	-
	4,602,245	5,964,501	710,000	395,000	9,808,600	8,695,600
Number of persons	1	2	7	7	7	7

In addition to above the Group provides free use of Group maintained cars to its Chief Executive and other Senior Executives.

34. SEGMENT INFORMATION

The Group's activities are broadly categorized into two primary business segments namely Investment Banking activities and Exchange Company activities within Pakistan.

Investment Banking Activities

Investment Banking activities includes all those activities carried out by SIBL.

Exchange Companies Activities

Exchange Companies activities includes all those activities carried out by SIBL Exchange Company (Private) Limited.

	December 31, 2014		
	Investment Banking Activities	Exchange Company Activities	Total
	-----Rupees-----		
Return on financing and placements	28,170,171	-	28,170,171
Return on securities	2,357,623	21,000,000	23,357,623
Gain on sale of investments	102,479	-	102,479
Profit on deposits with banks	305,918	-	305,918
Other income	1,083,183	807	1,083,990
Total income for reportable segments	32,019,374	21,000,807	53,020,181
Finance cost	21,272,960	-	21,272,960
Administrative and Operating expenses	36,258,603	621,107	36,879,710
Segment result	(25,512,189)	20,379,700	(5,132,489)
Impairment on equity securities	-	-	-
Profit / (loss) before taxation	(25,512,189)	20,379,700	(5,132,489)
Segment Assets	546,216,855	-	546,216,855
Segment Liabilities and Equity	546,216,855	-	546,216,855
	December 31, 2013		
	Investment Banking Activities	Exchange Company Activities	Total
	-----Rupees-----		
Return on financing and placements	18,617,008	-	18,617,008
Return on securities	47,173,015	-	47,173,015
Gain on sale of investments	4,188,084	-	4,188,084
Profit on deposits with banks	265,765	-	265,765
Other income	1,306,820	1,070,823	2,377,643
Total income for reportable segments	71,550,692	1,070,823	72,621,515
Finance cost	29,398,969	-	29,398,969
Administrative and Operating expenses	32,646,064	3,289,764	35,935,828
Segment result	9,505,659	(2,218,941)	-
Impairment on equity securities	-	-	-
Profit / (loss) before taxation	9,505,659	(2,218,941)	-
Segment Assets	693,025,610	26,406,034	719,431,644
Segment Liabilities and Equity	698,277,693	21,153,951	719,431,644

35. Liquidity risk

Liquidity risk is the risk that the SIBL will encounter difficulty in raising funds to meet commitments associated with financial instruments. The SIBL has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis at Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the SIBL's assets and liabilities.

36. Maturities of assets and liabilities

	2014			
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Property, plant and equipment	1,061,796	-	-	1,061,796
Intangible assets	10,568,182	-	-	10,568,182
Long term investments	26,181,818	-	-	26,181,818
Deferred tax asset	23,049,304	23,049,304	-	-
Short term financing	212,300,000	212,300,000	-	-
Short term placements	73,500,000	73,500,000	-	-
Short term investments	29,562,484	29,562,484	-	-
Loans and advances	89,925,920	89,925,920	-	-
Deposits, prepayments and other receivables	5,231,707	5,231,707	-	-
Accrued interest	19,931,945	19,931,945	-	-
Cash and bank balances	54,903,699	54,903,699	-	-
	546,216,855	508,405,059	-	37,811,796
Liabilities				
Borrowings	-	-	-	-
Short term deposits	21,777,653	21,777,653	-	-
Accrued expenses and other liabilities	7,902,527	7,902,527	-	-
	29,680,180	29,680,180	-	-
Net assets	516,536,675	478,724,879	-	37,811,796
Represented by:				
Share capital	514,335,580			
Accumulated loss	(142,554,809)			
Statutory reserves	145,543,127			
Deficit on revaluation of investments - net of tax	(787,223)			
	516,536,675			

2013				
Total	Within One Year	Over one year to five years	Over five years	
-----Rupees-----				
Assets				
Property, plant and equipment	1,207,931	-	-	1,207,931
Intangible assets	10,568,182	-	-	10,568,182
Long term investments	77,006,414	-	-	77,006,414
Deferred tax asset	32,389,507	32,389,507	-	-
Short term financing	125,500,000	125,500,000	-	-
Short term investments	330,858,059	330,858,059	-	-
Loans and advances	88,467,607	88,467,607	-	-
Deposits, prepayments and other receivables	5,403,096	5,403,096	-	-
Accrued interest	13,758,446	13,758,446	-	-
Cash and bank balances	34,272,402	34,272,402	-	-
	719,431,644	630,649,117	-	88,782,527
Liabilities				
Borrowings	176,766,009	176,766,009	-	-
Short term deposits	30,116,274	30,116,274	-	-
Accrued expenses and other liabilities	8,778,000	8,778,000	-	-
	215,660,283	215,660,283	-	-
Net assets	503,771,361	414,988,834	-	88,782,527

Represented by:

Share capital	514,335,580
Accumulated loss	(130,177,536)
Statutory reserves	143,380,640
Deficit on revaluation of investments - net of tax	(23,767,323)
	<u>503,771,361</u>

37. Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The SIBL attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a SIBL's performance to developments affecting a particular industry.

The Group follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the Security Exchange Commission of Pakistan and State Bank of Pakistan. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of industry / sector analysis of finance portfolio is given below:

37.1	Finance	2014		2013	
		Rupees	%	Rupees	%
	Cables and electric goods	212,300,000	100	125,500,000	100
		212,300,000	100	125,500,000	100

37.2 Geographical Segment

These financial statements represent operations of the SIBL in Pakistan only.

38. Market risk

The Group's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the Group's activities include interest rate risk, currency risk and other price risk.

38.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching the repricing of assets and liabilities.

The Group's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

Description	Total	31 December 2014			Not Exposed to Interest Rate / Yield Risk
		Exposed to Interest Rate / Yield Risk			
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Long term investments	26,181,818	-	-	-	26,181,818
Short term financing	212,300,000	212,300,000	-	-	-
Short term placements	73,500,000	73,500,000	-	-	-
Investment in Term Finance Certificates	6,066,100	6,066,100	-	-	-
Investment in Quoted shares	5,208,582	-	-	-	5,208,582
Investment in Pakistan Investment Bonds	18,287,802	18,287,802	-	-	-
Advance for office premises	2,500,000	-	-	-	2,500,000
Deposits and other receivables	4,116,150	-	-	-	4,116,150
Accrued interest	19,931,945	-	-	-	19,931,945
Cash and bank balances	54,903,699	52,250,741	-	-	2,652,958
Total	422,996,096	362,404,643	-	-	60,591,453
Financial liabilities					
Deposits	21,777,653	21,777,653	-	-	-
Profit accrued on deposits and borrowings	661,763	-	-	-	661,763
Accrued and other liabilities	4,277,427	-	-	-	4,277,427
Total	26,716,843	21,777,653	-	-	4,939,190
Total interest rate sensitivity gap		322,339,188	-	-	55,652,262
Cumulative interest rate sensitivity gap		322,339,188	322,339,188	322,339,188	

31 December 2013					
Exposed to Interest Rate / Yield Risk					
Description	Total	Within one year	More than one year and up to five years	Above five years	Not Exposed to Interest Rate / Yield Risk
Financial assets					
Long term investments	26,181,818	-	-	-	26,181,818
Short term financing	125,500,000	125,500,000	-	-	-
Investment in Term Finance Certificates	6,865,348	6,865,348	-	-	-
Investment in Quoted shares	5,511,735	-	-	-	5,511,735
Investment in Pakistan Investment Bonds	369,305,572	318,480,976	-	50,824,596	-
Advance for office premises	2,500,000	-	-	-	2,500,000
Deposits and other receivables	4,207,764	-	-	-	4,207,764
Accrued interest	13,758,446	-	-	-	13,758,446
Cash and bank balances	34,272,402	2,517,286	-	-	31,755,116
Total	588,103,085	453,363,610	-	50,824,596	83,914,879
Financial liabilities					
Deposits	30,116,274	30,116,274	-	-	-
Borrowings	176,766,009	176,766,009	-	-	-
Profit accrued on deposits and borrowings	3,336,909	-	-	-	3,336,909
Accrued and other liabilities	3,792,065	-	-	-	3,792,065
Total	214,011,257	206,882,283	-	-	7,128,974
Total interest rate sensitivity gap		246,481,327	-	50,824,596	76,785,905
Cumulative interest rate sensitivity gap		246,481,327	246,481,327	297,305,923	

Mark-up rates are mentioned in the respective notes to these financial statements.

38.2 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

38.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

39. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group is exposed to externally imposed capital requirements.

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 Group 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.

In the month of February 2015 SECP has issued draft amendments in the NBFC Regulations 2008 in which the time limit for minimum capital requirement is proposed to be extended for two years for compliance. However, if the proposed amendments are enacted in the same manner and the equity of the company remains below the minimum capital requirement then the deposit taking activities of the company will remain suspended during the compliance period.

40. Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying value of financial assets and financial liabilities approximate their fair values as reflected in the financial statements.

41. Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. The Group 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 given under note 33 to the financial statements, are as follows;

Financing	2014	2013
	Rupees	Rupees
Balance as at year end		
- Associated companies	<u>212,300,000</u>	<u>125,500,000</u>
Return on financing		
Transactions during the year		
- Associated companies	<u>27,609,008</u>	<u>18,402,997</u>
Short term deposits		
Balance as at year end		
- Associated undertakings	<u>6,255,883</u>	<u>5,739,342</u>
- Others	<u>7,489,162</u>	<u>16,355,273</u>
Return on deposits		
Transactions during the year		
- Associated undertakings	<u>644,665</u>	<u>254,029</u>
- Others	<u>398,387</u>	<u>1,281,087</u>
Guarantee issued		
Balance as at year end		
- Associated undertakings	<u>15,226,100</u>	<u>18,733,000</u>
Other transactions during the year		
Contribution to staff provident fund	<u>788,780</u>	<u>691,200</u>
Contribution to staff gratuity fund	<u>1,649,026</u>	<u>-</u>
Commission income	<u>118,714</u>	<u>137,330</u>

42. Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors on March 18, 2015.

43. Figures

43.1 Figures have been rounded off to the nearest rupee.

43.2 Comparative information has been re-classified or re-arranged, wherever necessary, for the purpose of better presentation.

MUHAMMAD MEHBOOB
CHIEF EXECUTIVE

HAJI JAN MUHAMMAD
CHAIRMAN

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2014

Number of Shareholders	Shareholding		Total number of shares held	Percentage %
	From	To		
812	1	100	30,323	0.06%
501	101	500	120,962	0.24%
241	501	1,000	191,721	0.37%
520	1,001	5,000	930,012	1.81%
60	5,001	10,000	428,826	0.83%
23	10,001	15,000	284,463	0.55%
15	15,001	20,000	266,361	0.52%
16	20,001	25,000	368,780	0.72%
7	25,001	30,000	195,661	0.38%
2	30,001	35,000	67,622	0.13%
2	35,001	40,000	73,944	0.14%
2	40,001	45,000	84,834	0.16%
5	45,001	50,000	236,092	0.46%
4	50,001	55,000	210,227	0.41%
1	55,001	60,000	55,400	0.11%
1	65,001	70,000	68,575	0.13%
1	75,001	80,000	79,627	0.15%
1	85,001	90,000	88,002	0.17%
1	90,001	95,000	92,423	0.18%
1	95,001	100,000	100,000	0.19%
1	135,001	140,000	139,200	0.27%
1	150,001	155,000	150,500	0.29%
4	160,001	165,000	649,920	1.26%
1	185,001	190,000	186,855	0.36%
1	205,001	210,000	208,236	0.40%
2	230,001	235,000	466,758	0.91%
1	375,001	380,000	375,463	0.73%
1	385,001	390,000	390,000	0.76%
1	395,001	400,000	398,717	0.78%
1	490,001	495,000	495,000	0.96%
1	565,001	570,000	570,000	1.11%
1	705,001	710,000	706,977	1.37%
1	915,001	920,000	917,841	1.78%
1	925,001	930,000	926,234	1.80%
1	1,010,001	1,015,000	1,114,392	2.17%
1	1,085,001	1,090,000	1,089,900	2.12%
1	1,160,001	1,165,000	1,160,703	2.26%
1	1,175,001	1,180,000	1,178,581	2.29%
1	1,570,001	1,575,000	1,573,550	3.06%
1	1,825,001	1,830,000	1,825,050	3.55%
2	2,225,001	2,230,000	4,453,120	8.66%
1	2,230,001	2,235,000	2,232,482	4.34%
1	2,260,001	2,265,000	2,262,698	4.40%
1	2,370,001	2,375,000	2,371,947	4.61%
1	2,795,001	2,800,000	2,796,114	5.44%
1	2,920,001	2,925,000	2,923,849	5.68%
1	3,650,001	3,655,000	3,650,100	7.10%
1	4,945,001	4,950,000	4,945,316	9.61%
1	7,300,001	7,305,000	7,300,200	14.19%
2,250			51,433,558	

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	2,200	44,338,414	86.21%
Investment companies	6	3,849	0.01%
Insurance companies	3	376,202	0.73%
Joint stock companies	30	2,806,381	5.46%
Financial institutions	5	2,599	0.01%
Modaraba companies	1	889	0.00%
Mututal fund	1	3,424,681	6.66%
Others	4	480,543	0.93%
2,250		51,433,558	

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Categories of Shareholders	Shares Held
Individual	13,685,442
Investment companies except ICP	2,144
Public / Private Sector Companies and Corporations	3,286,924
Directors, Chief Executive Officer and their spouse and minor children	
Haji Jan Muhammad	1,221
Karim Muhammad Munir	500
Mohammad Shoaib	1,111
Muhammad Mehboob	2,760
Muhammad Taufique Motiwala	500
Shaikh Abdullah	1,000
Sheikh Asim Rafiq (NIT) National Bank of Pakistan, Trustee Department	3,425,647
Investment Corporation of Pakistan	1,705
Associated companies, undertakings and related parties	
Fouzia Bano	1,825,050
Maryiam Bai	1,178,581
Muhammad Hanif	2,226,560
Muhammad Iqbal	2,923,849
Shahnaz Javed	3,650,100
Yasmin Bano	2,226,560
Zarina Iqbal	2,796,114
Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds except National Bank of Pakistan, Trustee Department	378,724
Shareholders holding ten percent or more voting interest	
Amina Bano	7,300,200
HAR	6,518,866
Grand Total	51,433,558

Dividend Mandate

Dear Shareholder,

Dividend Mandate: (Optional)

Security Investment Bank Limited wishes to inform its Shareholders that under the Law (Section 250 of the Companies Ordinance, 1984) they are entitled (if they so opt) to receive their cash dividend directly in their designated bank accounts instead of receiving it through dividend warrants. This will not only be convenient but will also save considerable time as funds will be credited directly into the bank account.

Shareholders either desiring to exercise this option or wanting to update the Bank Mandate information already provided should submit the following information to Security Investment Bank Limited Share Registrar at the address noted herein:

S.No	Shareholder/Member Details	
1	Shareholder Name	
2	Father's/ Husband's Name	
3	Folio Number	
4	Name of Bank and Branch	
5	Title of Bank Account	
6	Bank Account Number	
7	Cell Number	
8	Telephone Number (if any)	
9	CNIC Number (attach copy)	
10	NTN (in case of corporate entity, attach copy)	
11	Passport No. (in case of foreign shareholder)	

Signature of Member/Shareholder

Please note that this dividend mandate is OPTIONAL and NOT COMPULSORY, in case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you through the dividend warrants.

CNIC Submission (Mandatory):

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, you are therefore requested to submit a copy of your valid CNIC. In case of non-receipt of the copy of valid CNIC, Security Investment Bank Limited (the Company) would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2) (a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders in future.

Security Investment Bank Limited Share Registrar

C & K Management Associates (Pvt) Limited
404, Trade Tower, Near Hotel Metropolitan, Karachi.

***Note:** The Shareholders who hold shares in Central Depository Company are requested to submit the duly filled in Dividend Mandate Form to their Participants/Investor Account Services.

Yours faithfully,
Muhammad Shahzad
Head of Finance and Company Secretary
Security Investment Bank Limited

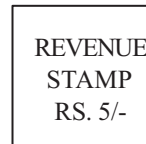
FORM OF PROXY

TWENTY FOURTH ANNUAL GENERAL MEETING

I/We
of
a member / members of SECURITY INVESTMENT BANK LIMITED and holding
ordinary shares, as per Register Folio/CDC A/c or sub account no.
do hereby appoint
of
to vote for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on 21st April 2015 and at any adjournment thereof.

As Witness my/our hand this day of2015.

Folio No. _____



Witness:

1. Name _____
CNIC No. _____

SIGNATURE OF MEMBER(S)

2. Name _____
CNIC No. _____

IMPORTANT:

1. Signature of Member(s) should agree with specimen registered with the Company.
2. A member entitled to attend Twenty Fourth Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him.
3. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation its common seal (if any) should be affixed on the instrument.
4. The proxies shall be deposited at the Share registrar's office of the Company not less than 48 hours before the time of the meeting.

ISLAMABAD OFFICE

GPO Box No. 2967, Suite # 4, 3rd Floor,
Al-Babar Centre, Main Markaz F-8, Islamabad
Ph: (051) 2818107-09 Fax: (051) 2818110

KARACHI OFFICE

502, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659750-54 | Fax: (021) 35659755