



SECURITY
INVESTMENT
BANK LTD.

**1st Quarterly Report
31 March 2015**

THE MONEY WISE BANK



SECURITY
INVESTMENT
BANK LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)
Mr. Muhammad Mahboob
Mr. Sheikh Asim Rafiq (NIT Nominee)
Mr. Shaikh Abdullah
Mr. Muhammad Shoaib
Mr. Karim Muhammad Munir
Mr. Zafar M. Sheikh

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Mahboob

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Karim Muhammad Munir
Mr. Muhammad Mahboob

BUSINESS DEVELOPMENT COMMITTEE

Mr. Sheikh Asim Rafiq (Chairman)
Mr. Muhammad Mahboob
Mr. Muhammad Shoaib
Mr. Karim Muhammad Munir

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Khatri

COMPANY SECRETARY

Mr. M. Shahzad

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Anjum Asim Shahid Rahman
Chartered Accountants

LEGAL ADVISORS

Bawany & 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.
Summit Bank Limited.

REGISTERED OFFICE

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Fax: (051) 2818110

KARACHI OFFICE

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E-mail : sibl@sibl.com.pk
Website : www.sibl.com.pk

DIRECTORS' REPORT

The directors of Security Investment Bank Limited (the Company) are pleased to present the unaudited financial statements of the Company for the three months ended 31 March 2015.

During the period under review, our country witnessed significant progress in addressing fiscal and balance of payment imbalance. Headline inflation declined sharply and the State Bank of Pakistan following the prudent monetary instance reduced the policy rate by 50 basis points to 8% in its Monetary Policy Statement issued on 21 March 2015.

During the current quarter, the KSE 100 index underperformed by almost 6% resulting in decrease of index to 30,234 points as on 31 March 2015 from 32,131 points as on 31 December 2014.

During the current quarter, the Company's operating income before taxes was Rs. 3 million compared to Rs. 22 million of the same period of last year which included dividend income of Rs. 21 million from the wholly owned subsidiary i.e. SIBL Exchange Company (Private) Limited. Finance Cost reduced by 96% to Rs. 0.231 million from Rs.5.904 million when compared to same period of last year.

In order to improve the profitability of the Company and good return to its stakeholders, we are presently exploring various fee-based and core business avenues permissible under the NBFC Regulations.

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

On behalf of the Board

Karachi, 30 April 2015

Haji Jan Muhammad
(Chairman)



**CONDENSED INTERIM BALANCE SHEET
(UNAUDITED)
AS AT 31 MARCH 2015**

	Note	Unaudited 31 March 2015 Rupees	Audited 31 December 2014 Rupees
Non-current assets			
Property, Plant and equipment	5	1,133,230	1,061,796
Intangible Assets	6	10,568,182	10,568,182
Long term investments	7	26,181,818	26,181,818
Deferred tax asset		21,504,285	23,049,304
Current assets			
Short term financing		273,000,000	212,300,000
Short term placements		-	73,500,000
Short term investments	8	30,176,680	29,562,484
Loans and advances		93,155,833	89,925,920
Deposits, prepayments and other receivables		5,651,414	5,231,707
Accrued interest		18,615,241	19,931,945
Cash and bank balances	9	91,202,713	54,903,699
		<u>511,801,881</u>	<u>485,355,755</u>
		<u>571,189,396</u>	<u>546,216,855</u>
Equity and liabilities			
Share capital and reserves			
Authorised capital			
100,000,000 ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital		514,335,580	514,335,580
Statutory reserves		145,967,745	145,543,127
Unappropriated loss		(140,856,336)	(142,554,809)
		519,446,989	517,323,898
Deficit on revaluation of investments-net of tax	10	(564,348)	(787,223)
Current liabilities			
Short term deposits	11	22,136,985	21,777,653
Accrued and other liabilities		30,169,770	7,902,527
		52,306,755	29,680,180
Contingencies and commitments	12	-	-
		<u>571,189,396</u>	<u>546,216,855</u>

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

MUHAMMAD MAHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	Quarter Ended	
	31 March 2015	31 March 2014
	Rupees	
Income		
Income on financing and placements	8,902,967	4,684,394
Return on investments	946,219	31,563,778
Gain on sale of shares	2,070	93,535
Profit on deposit with banks	104,605	18,224
Other income	586,689	22,900
	<u>10,542,550</u>	<u>36,382,831</u>
Expenditure		
Return on deposits and borrowings	230,675	5,904,276
Operating expenses	7,177,134	8,298,277
	<u>7,407,809</u>	<u>14,202,553</u>
Operating Profit before tax	3,134,741	22,180,278
Provision for taxation	(1,011,650)	(2,816,394)
Net Profit after tax	<u>2,123,091</u>	<u>19,363,884</u>
Earning per share - basic and diluted	<u>0.04</u>	<u>0.38</u>

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

MUHAMMAD MAHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	Quarter Ended	
	31 March 2015	31 March 2014
Profit for the period after tax	2,123,091	19,363,884
Other comprehensive income	-	-
Total comprehensive income for the period	<u>2,123,091</u>	<u>19,363,884</u>

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

MUHAMMAD MAHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

CASH FLOW STATEMENT (UNAUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

	Quarter ended 31 March 2015 Rupees	Quarter ended 31 March 2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Operating Profit before taxation	3,134,741	22,180,278
Adjustments for non cash and other items		
Depreciation	105,048	117,141
Gain on disposal of shares	(2,070)	(93,535)
	102,978	23,606
Cash flows from operating activities before working capital changes	3,237,719	22,203,884
(Increase) / Decrease in operating assets		
(Increase) / Decrease in financing and placements	(60,700,000)	10,500,000
(Increase) in advances, deposits, prepayment and other receivables	(2,247,598)	(5,995,977)
	(62,947,598)	4,504,023
Increase / (Decrease) in operating liabilities		
Increase / (Decrease) in deposits	359,332	(94,083,483)
Increase / (Decrease) in borrowings	-	(26,006,009)
Increase / (Decrease) in accrued and other liabilities	22,267,243	(2,629,562)
	22,626,575	(122,719,054)
Net changes in operating assets and liabilities	(40,321,023)	(118,215,031)
Income tax paid	(100,295)	(2,418,874)
	(100,295)	(2,418,874)
Net cash used in operating activities	(37,183,599)	(98,430,021)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets net	(176,482)	-
Sale of investments (shares)	2,846	2,017,342
Sale of securities	156,249	94,977,074
Net cash (used in) / flow from investing activities	(17,387)	96,994,416
CASH FLOW FROM FINANCING ACTIVITIES		
Net (decrease) in cash and cash equivalents	(37,200,986)	(1,435,605)
Cash and cash equivalents at the beginning of the period	128,403,699	8,619,929
Cash and cash equivalents at the end of the period	91,202,713	7,184,324

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



**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

	Share capital Rupees	Statutory reserve Rupees	Unappropriated profit Rupees	Total Rupees
Balance as at 01 January 2014	514,335,580	143,380,640	(151,204,755)	506,511,465
Net Profit upto 31 March 2014	-	-	19,363,884	19,363,884
Transfer to Statutory Reserves	-	3,872,777	(3,872,777)	-
Balance as at 31 March 2014	514,335,580	147,253,417	(135,713,648)	525,875,349
Net (Loss) from April to December 2014	-	-	(8,551,451)	(8,551,451)
Statutory Reserves	-	(1,710,290)	1,710,290	-
Balance as at 31 December 2014	514,335,580	145,543,127	(142,554,809)	517,323,898
Net Profit for the period	-	-	2,123,091	2,123,091
Transfer to Statutory Reserves	-	424,618	(424,618)	-
Balance as at 31 March 2015	514,335,580	145,967,745	(140,856,336)	519,446,989

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

**NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

1 Status and principal activities

Security Investment Bank Limited (SIB) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Company was incorporated in Pakistan on 23 May 1991 and started its commercial operation on 31 December 1991. Its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of SIB is situated at Flat No.4, 3rd Floor, AL-Baber Centre, Main Markaz, F-8, Islamabad.

SIB is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) as amended through SRO 1131(I)/2007 dated 21 November 2007 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (previously this was covered under SRO 585(1)/87 dated 13 July 1987 issued by the Ministry of Finance, Government of Pakistan).

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

2 Basis of presentation

These condensed interim financial statements have been presented in accordance with the requirements of the "International Accounting Standard 34 - Interim Financial Reporting" as applicable in Pakistan and are unaudited. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2014. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and Listing Regulations of Stock Exchanges.

3 Accounting policies

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparation of the financial statements for the year ended 31 December 2014.

4 Estimates

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities; and income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2014.

	Un-audited 31 Mar 2015 Rupees	Audited 31 Dec 2014 Rupees
5 Operating Assets		
Cost		
Opening balance	11,587,674	12,395,908
Addition/(Deletion)-Net	176,482	(808,234)
As at 31 March 2015	11,764,156	11,587,674
Less: Accumulated Depreciation		
Opening balance	10,525,878	11,187,977
For the period	105,048	(662,099)
As at 31 March 2015	10,630,926	10,525,878
Net Operating Assets	<u>1,133,230</u>	<u>1,061,796</u>
6 Intangible Assets		
Trading Right Entitlement Certificate of Karachi Stock Exchange Limited	9,818,182	9,818,182
Corporate membership of the Pakistan Mercantile Exchange Limited	750,000	750,000
	<u>10,568,182</u>	<u>10,568,182</u>
7 Long term investments		
Investment at fair value through Other Comprehensive Income		
Karachi Stock Exchange Limited- Available for sale	26,181,818	26,181,818
	<u>26,181,818</u>	<u>26,181,818</u>
8 Short term investment		
Available for sale		
Pakistan Investment Bonds	19,962,246	18,287,802
Term Finance Certificate	5,836,219	6,066,100
Quoted Shares	4,378,215	5,208,582
	<u>30,176,680</u>	<u>29,562,484</u>
9 Cash and bank balances		
With State Bank of Pakistan in Current account	423,853	121,359
With other banks in		
Current account	80,602,558	2,530,969
Deposit accounts	10,171,795	52,250,741
	90,774,353	54,781,710
Cash in hand	4,507	630
	<u>91,202,713</u>	<u>54,903,699</u>



	Un-audited 31 Mar 2015 Rupees	Audited 31 Dec 2014 Rupees
10 (Deficit) on revaluation of investment		
Government securities	686,432	(995,467)
Term finance certificates	(1,945,406)	(1,871,775)
	(1,258,974)	(2,867,242)
Related deferred tax asset	(226,523)	328,504
	(1,485,497)	(2,538,738)
Quoted shares	921,149	1,751,515
	(564,348)	(787,223)
11 Short term deposits		
From Individuals	8,181,102	7,821,770
From related parties		
Associated undertakings	6,255,883	6,255,883
Others	7,700,000	7,700,000
	22,136,985	21,777,653

12 Contingencies and commitments

12.1 Contingencies

There were no contingencies as at the balance sheet date.

12.2 Commitments

Guarantees issued on behalf of customer:

- Associated undertakings	15,050,900	15,226,100
- Others	50,000,000	50,000,000

13 Transaction with related parties

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

	31 Mar 2015	31 Mar 2014
	Rupees	Rupees
Financing		
- Associated undertaking	273,000,000	115,000,000
Return on financing		
- Associated undertaking	7,964,214	4,668,646
Unfunded guarantee		
- Associated undertaking	15,050,900	13,733,000
- Others	50,000,000	50,000,000
Deposits		
- Associated undertaking	6,255,883	8,620,809
- Others	6,098,495	12,238,266
Return on deposits		
- Associated undertaking	154,255	955,246
- Others	138,838	268,577
Contribution to staff retirement benefit plan	219,420	172,800

14 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on 30 April 2015.

15 General

Figures have been rounded off to the nearest rupee.

MUHAMMAD MAHBOOB
Chief Executive

HAJI JAN MUHAMMAD
Chairman

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