



SECURITY  
INVESTMENT  
BANK LTD.

**QUARTERLY REPORT  
SEPTEMBER 30, 2019**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)  
Mr. Muhammad Mehboob  
Mr. Muhammad Shoaib  
Mr. Muzaffar Ahmed Ghouri  
Mr. Shaikh Abdullah  
Mr. Karim Muhammad Munir  
Mrs. Samreen Shoaib

## PRESIDENT & CHIEF EXECUTIVE

Mr. Zafar .M. Sheikh

## AUDIT COMMITTEE

Mr. Shaikh Abdullah (Chairman)  
Haji Jan Muhammad  
Mr. Muzaffar Ahmed Ghouri  
Mr. Karim Muhammad Munir

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Karim Muhammad Munir (Chairman)  
Mr. Zafar .M. Sheikh  
Mr. Muhammad Mehboob

## RISK MANAGEMENT COMMITTEE

Mr. Karim Muhammad Munir (Chairman)  
Mr. Muhammad Mehboob  
Mr. Muhammad Shoaib  
Mr. Zafar .M. Sheikh

## CFO

Mr. Shakeel Ahmed

## AUDITORS

M/S Bakers Tilly Mehmood Idrees Qamar,  
Chartered Accountants

## TAX ADVISORS

Grant Thoranton Anjum Rahman  
Chartered Accountants

## LEGAL ADVISORS

Rehan Kayani

## SHARE REGISTRAR

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

## BANKERS

Habib Metropolitan Bank Limited.  
United Bank Limited.  
MCB Bank Limited.  
Summit Bank Limited.

## REGISTERED OFFICE

Office No. 1, 1st Floor Junaid Plaza,  
I-10 Markz Islamabad.  
Tel : (051) 4102920  
Website : [www.sibl.com.pk](http://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](mailto:sibl@sibl.com.pk)



## DIRECTORS' REPORT

The Board of Directors of Security Investment Bank Limited (the Company) are pleased to present the financial statement of the Company for the nine months ended year ended 30 September 2019.

During the quarter under review economic activity indicators shows a gradual slowdown, country GDP growth has slowed down to 3.50%. Core inflation had raising in trend due to the large impact of exchange rate depreciation, hike in fuel, food and adjustments in utilities prices.

The interbank foreign exchange market had adjusted relatively well to the introduction of the market-based exchange rate system, which continued adjustment in current account deficit. On the other hand the US Fed reduced its policy rate by 25 basis points, followed by the policy rate cuts by other major central banks around the world. This would help in lowering pressures on emerging markets' currencies and potentially increase financial inflows. Keeping the view of economic sentiments, the SBPs' Monetary Policy Committee had decided to leave the policy rate unchanged at 13.25% issued on September 16, 2019.

During the quarter, the Pakistan Stock Exchange (KSE-100 index) registered slightly decrease to 32,079 points as of 30 September 2019 from 33,901 points as of 30 June 2019.

Alhamdulillah, your company posted operating profit before taxes of Rs. 33.87 million for the quarter ended 30 September 2019 as compared to Rs. 25.324 million of the corresponding period. Your Company's EPS Rs. 0.610 as compared to Rs. 0.352 of the corresponding period.

The board wishes to place on record the gratitude to Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan for their continued valued support, assistance and guidance. The board would also like to take this opportunity to express their admiration to the employees of the company for their commitment and hard work. The company recognizes and records its gratitude for their efforts.

On behalf of the Board

Haji Jan Muhammad  
Chairman  
Karachi, 25 October 2019

**UNCONSOLIDATED  
CONDENSED INTERIM BALANCE SHEET  
AS AT 30 SEPTEMBER 2019**

	September 30 2019 (Un-audited)	December 31 2018 (Audited)
Note	<----- Rupees ----->	
<b>Non-current assets</b>		
Property, plant and equipment	5	159,225,439
Intangible assets		3,445,835
Long term investments	6	50,000,000
Long term financing	7	-
Long term Advances		2,500,000
		<b>215,171,274</b>
<b>Current assets</b>		
Short term financing	8	385,252,900
Short term investments	9	105,728,275
Loans and advances		1,946,243
Deposits, prepayments and other receivables		10,753,964
Accrued interest		1,284,066
Tax refund due from government		77,561,111
Cash and bank balances	10	14,410,953
		<b>596,937,512</b>
		<b>812,108,786</b>
<b>Equity and liabilities</b>		
<b>Share capital and reserves</b>		
<b>Authorised capital</b>		
100,000,000 ordinary shares of Rs.10/- each	<b>1,000,000,000</b>	1,000,000,000
Issued, subscribed and paid up capital		
Statutory reserves		514,335,580
Accumulated loss		169,169,008
Deficit on revaluation of investments-net of tax		(52,966,565)
		(19,737,593)
		<b>610,800,430</b>
<b>Non Current Liabilities</b>		
Subordinated Loan		180,000,000
Deferred tax liabilities - net		2,552,146
		<b>182,552,146</b>
<b>Current liabilities</b>		
Unclaimed Dividend		2,094,583
Bank borrowing	12	-
Accrued and other liabilities		16,661,627
		<b>18,756,210</b>
Contingencies and commitments	13	-
		<b>812,108,786</b>

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

**SHAKEEL AHMED**  
CFO

**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

**HAJI JAN MUMAMMAD**  
CHAIRMAN

**UNCONSOLIDATED CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

Note	Nine Months Ended		Quarter Ended	
	September 30 2019	September 30 2018	September 30 2019	September 30 2018
	<i>Rupees</i>			
<b>Income</b>				
Income on financing and placements	44,082,639	49,705,394	12,411,797	18,297,134
Return on investments	1,226,805	735,194	(1,282,681)	317,490
Capital gain	490,378	1,204,766	490,378	1,204,766
Profit on deposit with banks	826,280	1,375,006	158,541	335,511
Other income	10,251,454	1,071,783	2,049,421	(1,044,196)
	<b>56,877,556</b>	54,092,143	<b>13,827,456</b>	19,110,705
<b>Expenditure</b>				
Return on deposits and borrowings	-	5,739,488	-	2,953,577
Operating expenses	<b>23,011,997</b>	23,028,350	<b>8,128,937</b>	7,915,726
	<b>23,011,997</b>	28,767,838	<b>8,128,937</b>	10,869,303
Operating profit	<b>33,865,559</b>	25,324,305	<b>5,698,519</b>	8,241,402
Profit before taxation	<b>33,865,559</b>	25,324,305	<b>5,698,519</b>	8,241,402
<b>Taxation</b>				
Current	(2,506,396)	(2,706,246)	-	-
Deferred	-	(4,509,958)	-	-
	<b>(2,506,396)</b>	(7,216,204)	-	-
Net Profit after tax	<b>31,359,163</b>	18,108,101	<b>5,698,519</b>	8,241,402
<b>Earning per share - basic and diluted</b>	<b>0.610</b>	0.352	<b>0.111</b>	0.160

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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT  
OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Nine months Ended Sep 30,		Quarter Ended Sep 30,	
	2019	2018	2019	2018
----- Rupees -----				
Net profit after tax	31,359,163	18,108,101	5,698,519	8,241,402
Other comprehensive income for the period				
Items that may be reclassified subsequently to				
Deficit on revaluation of investments - net of	(19,450,427)	(380,660)	-	8,752
Items that will not be reclassified subsequently	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>11,908,736</b>	<b>17,799,441</b>	<b>5,698,519</b>	<b>8,241,402</b>

The annexed notes form an integral part of this unconsolidated condensed interim financial information.

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CHAIRMAN

**UNCONSOLIDATED CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Share capital	Statutory reserve	Unappropriated loss/profit	Unrealized gain on re measurement of available of sale of investments to fair value	Total
----- Rupees -----					
<b>Balance as at 01 January 2018</b>	514,335,580	159,452,163	(91,833,944)	-	581,953,799
Total comprehensive income for the period	-	-	18,108,101	-	18,108,101
Appropriations:					
Statutory reserves	-	3,559,888	(3,559,888)	-	-
<b>Balance as at 30 September 2018</b>	<b>514,335,580</b>	<b>163,012,051</b>	<b>(77,285,731)</b>	-	<b>600,061,900</b>
Total comprehensive income for the year	-	-	(883,040)	(287,166)	(1,170,206)
Appropriations:					
Statutory reserves	-	(114,876)	114,876	-	-
<b>Balance as at 31 December 2018</b>	<b>514,335,580</b>	<b>162,897,175</b>	<b>(78,053,895)</b>	<b>(287,166)</b>	<b>598,891,694</b>
Profit for the period	-	-	31,359,163	(19,450,427)	11,908,736
other comprehensive income	-	-	-	-	-
Statutory reserves	-	6,271,833	(6,271,833)	-	-
<b>Balance as at 30 Sep 2019</b>	<b>514,335,580</b>	<b>169,169,008</b>	<b>(52,966,565)</b>	<b>(19,737,593)</b>	<b>610,800,430</b>

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

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**UNCONSOLIDATED  
CONDENSED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	<b>Nine months ended Sep 30,</b>	
	<b>2019</b>	<b>2018</b>
Note	<i>----- Rupees -----&gt;</i>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit before taxation	33,865,559	25,324,305
<b>Adjustments for non-cash and other items</b>		
Depreciation	1,669,159	1,274,847
Gain on disposal of shares	(490,378)	(1,204,766)
Gain on disposal of fixed assets	-	(50,000)
	1,178,781	20,081
<b>Cash flows from operating activities before working capital changes</b>	35,044,340	25,344,386
<b>(Increase) / Decrease in operating assets</b>		
(Increase) / Decrease in financing and placements	170,509,038	(151,244,610)
Decrease in loans and advances	4,376,551	387,820
Decrease in deposits, prepayment and other receivables	(6,735,591)	8,004,116
(Increase) / Decrease in accrued interest	1,374,775	680,663
	169,524,773	(142,172,011)
<b>Increase / (Decrease) in operating liabilities</b>		
(Decrease) / Increase in short term deposits	-	(7,700,000)
(Decrease) / Increase in borrowings	(2,759,096)	(37,398,225)
(Decrease) / Increase in accrued and other liabilities	(15,913,578)	(10,661,680)
	(18,672,674)	(55,759,905)
Net changes in operating assets and liabilities	150,852,099	(197,931,916)
Income tax paid	(908,852)	(249,336)
<b>Net cash used in operating activities</b>	184,987,587	(172,836,866)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets - net	(121,600,347)	(490,680)
Investment in quoted shares	(62,309,963)	-
<b>Net cash generated from investing activities</b>	(183,910,310)	(490,680)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	3,878,461	5,169,599
Subordinate loan	-	180,000,000
Net decrease in cash and cash equivalents	4,955,738	11,842,053
<b>Cash and cash equivalents at the beginning of the period</b>	9,455,215	34,443,155
<b>Cash and cash equivalents at the end of the period</b>	14,410,953	46,285,208

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

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**HAJI JAN MUMAMMAD**  
CHAIRMAN



## **NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

### **1 STATUS AND PRINCIPAL ACTIVITIES**

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was incorporated in Pakistan on 23 May 1991 and started its commercial operation on 31 December 1991. Its shares are quoted on Pakistan Stock Exchange. The registered office of SIBL is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad.

The Company is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) 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 1002 (I) /2015 dated October 15, 2015 and Non-Banking Finance Companies and Notified Entities Regulations 2008 as amended through SRO 1160(I) / 2015 dated November 25, 2015 (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance). The license is valid until May 29, 2018.

In the year 2016, the Company made an investment in newly incorporated wholly owned subsidiary company namely Security Capital & Investment (Private) Limited amounting to Rs. 50 million. As per the agreement dated September 07, 2016 between the Company and the subsidiary, the Company ceded the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of the Pakistan Stock Exchange Limited (PSX) and Pakistan Mercantile Exchange (PMEX) membership card to the subsidiary. During the year 2017, the TREC has been transferred by the Company in the name of the subsidiary. However, PMEX card has not yet been transferred in the name of the subsidiary due to the reason that the subsidiary has not obtained license to deal as broker from SECP.

JCR - VIS Credit Rating Company Limited has placed the rating of the Company for medium to long-term rating at 'BBB+' (Triple B plus) Signifies adequate credit quality and the short-term rating at 'A-2' (A Two) Signifies good certainty of timely payment. Outlook on the assigned rating is 'Stable'.

### **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 2018. 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 2018.

### **4 ESTIMATES AND JUDGEMENTS**

The preparation of unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual

results may differ from these estimates. The significant judgments made by management in applying the Bank'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 2018.

	<b>Sep 30,</b> <b>(Un-audited)</b>	<b>Dec 31, 2018</b> <b>(Audited)</b>
	<i>&lt;----- Rupees -----&gt;</i>	
<b>5 Operating Assets</b>		
<b>Cost</b>		
As at January 01	<b>46,195,278</b>	9,172,179
Addition	<b>121,600,347</b>	32,603,380
Deletion	<b>(967,865)</b>	-
As at Sep 30	<b>166,827,760</b>	41,775,559
<b>Less: Accumulated Depreciation</b>		
As at January 01	<b>6,290,864</b>	-
Depreciation expenses	<b>1,669,159</b>	1,746,242
Adjustment made	<b>(357,702)</b>	124,906
As at Sep 30	<b>7,602,321</b>	1,871,148
	<b>159,225,439</b>	39,904,411
<b>6 Long term investments</b>		
<b>Investment - Subsidiary</b>		
5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each	<b>50,000,000</b>	50,000,000
	<b>50,000,000</b>	50,000,000
<b>7 Long term financing</b>		
Related parties - secured and considered good		
- Associated companies	-	7,659,053
- Others	-	6,001,732
Less: Deferred Murahaba income	-	(959,291)
Murahaba receiveable	-	12,701,494
Less: Current maturity	-	(8,823,033)
	-	3,878,461
<b>8 Short term financing- secured and considered good</b>		
Associated companies	<b>376,773,500</b>	546,938,905
Car Finance on Murahaba	<b>8,479,400</b>	-
Current maturity of long term financing	-	8,823,033
	<b>385,252,900</b>	555,761,938

8.1 During the period, the Company has settled its portfolio of financing on the basis of repayment schedule shared with and confirmed by SECP through letter dated Septmeber 3, 2018 and October 17, 2018 respectively. The Company has settled four quarterly repayments as per repayment plan/schedule shared with SECP. The Company has intimated SECP in respect of quarterly settlements of financing through letter dated January 08, 2019, April 02, 2019, July 08, 2019 and Oct 10, 2019.

	Sep 30, (Un-audited)	Dec 31, 2018 (Audited)
	<----- Rupees ----->	
<b>9 Short term investment</b>		
<b>Held to Maturity</b>		
Market Treasury Bills	-	25,000,000
<b>Available for sale</b>		
Term Finance Certificates	<b>5,836,219</b>	5,836,219
Quoted shares	<b>99,892,056</b>	31,877,817
	<b>105,728,275</b>	62,714,036
<b>10 Cash and bank balances</b>		
With State Bank of Pakistan in current account	<b>6,937</b>	11,257
With other banks in		
Current account	<b>1,899,767</b>	2,196,079
Deposit accounts	<b>12,431,449</b>	7,223,815
	<b>14,331,216</b>	9,419,894
Cash in hand	<b>72,800</b>	24,064
	<b>14,410,953</b>	9,455,215
<b>11 SUBORDINATED LOAN</b>		
Subordinated loan	<b>180,000,000</b>	180,000,000
<b>11.1</b>	This subordinated loan is raised by the Company from Sponsors Directors. The loan is granted for a terms of three years, commencing from date of the said agreement dated April 10, 2018. The interest rate implicit in the agreement is six month KIBOR, which is ratified by the Securities and Exchange Commission of Pakistan ( SECP) via letter no. SC/NBFC/SIBL/42/2018/233 dated September 17, 2018. However, sponsor agreed to waive the markup and subordinate loan from execution to its maturity (ie Apr 10.2021) in the board meeting held on Aug 26, 2019.	
<b>12 Contingencies and commitments</b>		
<b>12.1</b>	-	2,759,096
<b>13 Transaction with related parties</b>		

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



	Sep 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	<----- Rupees ----->	
<b>BALANCES AS AT THE PERIOD END</b>		
<b>Financing</b>		
Balance at year end		
- Associated undertakings	<u>376,773,500</u>	<u>546,938,905</u>
<b>Un funded Guarantee</b>		
- Associated undertakings	-	14,203,000
- Others	-	50,000,000
<b>Investment in subsidiary</b>		
Equity shares	<u>50,000,000</u>	<u>50,000,000</u>
<b>Advance from subsidiary</b>		
Advance against purchase of certain assets	<u>14,000,562</u>	<u>14,000,562</u>
	<b>Nine Months ended Sep 30,</b>	
	<b>2019</b>	<b>2018</b>
	<----- Rupees ----->	
<b>TRANSACTIONS DURING THE PERIOD</b>		
<b>Return on financing</b>		
- Associated undertakings	<b>42,841,095</b>	38,153,024
<b>Contribution to staff retirement benefit plan</b>		
	<u>270,124</u>	<u>300,151</u>

**14 Date of authorisation**

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 25 October 2019.

**15 General**

Figures have been rounded off to the nearest rupee.

**SHAKEEL AHMED**  
CFO

**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

**HAJI JAN MUMAMMAD**  
CHAIRMAN

**CONSOLIDATED  
FINANCIAL STATEMENTS**  
for the quarter ended 30 September 2019

**CONSOLIDATED  
CONDENSED INTERIM BALANCE SHEET  
AS AT 30 SEPTEMBER 2019**

	Sep 30 2019 (Un-audited)	December 31 2018 (Audited)
Note	←----- Rupees ----->	
<b>Non-current assets</b>		
Property, plant and equipment	5 159,335,875	40,036,715
Intangible assets	5,945,835	7,500,000
Investment in shares of PSX - available for sale	13,512,894	21,752,072
Long term financing	-	3,878,461
Long Term Advances	16,500,562	2,500,000
<b>Current assets</b>		
Short term financing	385,252,900	555,761,938
Short term investments	105,728,275	62,714,036
Loan and Advances	2,335,045	6,320,725
Deposits, prepayments and other receivables	20,753,964	4,018,373
Accrued interest	1,341,601	2,658,841
Tax Refund due from Government	77,561,111	79,523,527
Cash and bank balances	6 15,091,554	19,663,073
	<b>608,064,450</b>	<b>730,660,512</b>
	<b>803,359,616</b>	<b>806,327,760</b>
<b>Equity and liabilities</b>		
<b>Share capital and reserves</b>		
<b>Authorised capital</b>		
100,000,000 ordinary shares of Rs.10/- each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
Issued, subscribed and paid up capital	514,335,580	514,335,580
Statutory reserves	169,169,008	162,897,175
Accumulated loss	(57,781,262)	(80,882,642)
Unrealized gain on re-measurement of available for sale investment to fair value - net	(23,724,137)	3,965,468
	<b>601,999,189</b>	<b>600,315,581</b>
<b>Non-Current Liabilities</b>		
Subordinated loan	180,000,000	180,000,000
Deferred tax liabilities	2,552,146	2,552,146
	<b>182,552,146</b>	<b>182,552,146</b>
<b>Current liabilities</b>		
Short Term Borrowings	-	2,759,096
Unclaimed Dividend	2,094,583	2,094,583
Accrued and other liabilities	16,713,698	18,606,355
	<b>18,808,281</b>	<b>23,460,034</b>
Contingencies and commitments	<b>803,359,616</b>	<b>806,327,760</b>

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

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CFO

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**HAJI JAN MUMAMMAD**  
CHAIRMAN

**CONSOLIDATED CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Nine Months Ended		Quarter Ended	
	Sep 30 2019	Sep 30 2018	Sep 30 2019	Sep 30 2018
	<i>Rupees</i>			
<b>Income</b>				
Income on financing and placements	44,082,639	49,705,394	12,411,796	18,297,134
Return on investments	1,226,805	735,194	(1,282,681)	317,490
Gain on sale of shares	490,378	1,204,766	157,501	-
Profit on deposit with banks	1,509,368	1,538,228	509,424	341,580
Other income	10,251,454	1,071,783	2,049,422	160,570
	57,560,644	54,255,365	13,845,462	19,116,774
<b>Expenditure</b>				
Return on deposits and borrowings	-	5,739,488	-	2,953,577
Operating expenses	25,681,035	23,372,011	8,144,000	7,930,443
	25,681,035	29,111,499	8,144,000	10,884,020
Operating profit before tax	31,879,609	25,143,866	5,701,462	8,232,754
<b>Taxation</b>				
Deferred	-	(4,509,958)	-	-
Current	(2,506,396)	(2,706,246)	-	-
	(2,506,396)	(7,216,204)	-	-
Net profit after tax	29,373,213	17,927,662	5,701,462	8,232,754
<b>Other Comprehensive Income</b>				
Other comprehensive income	(27,689,605)	(308,660)	-	-
<b>Total comprehensive income - net of tax</b>	1,683,608	17,619,002	5,701,462	8,232,754
<b>Earning per share - basic and diluted</b>	0.571	0.349	0.111	0.160

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

**CONSOLIDATED CONDENSED INTERIM  
CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Quarter ended Sep. 30,	
	2019	2018
	←----- Rupees -----→	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating profit before taxation	31,879,609	25,324,305
<b>Adjustments for non-cash and other items</b>		
Depreciation	1,881,387	1,274,847
Gain on disposal of shares	(490,378)	(1,204,766)
Gain on disposal of fixed assets	-	(50,000)
Impairment loss on TREC	(2,500,000)	-
	(1,108,991)	20,081
<b>Cash flows from operating activities before working capital changes</b>	30,770,618	25,344,386
(Increase) / Decrease in financing and placements	170,509,038	(151,244,610)
(Increase) / Decrease in loans and advances	3,985,680	387,820
Decrease in deposits, prepayment and other receivables	(16,735,591)	8,004,116
(increase) / Decrease in accrued interest	1,317,240	680,663
	159,076,367	(142,172,011)
<b>Increase / (Decrease) in operating liabilities</b>		
(Decrease) / Increase in short term deposits	-	(7,700,000)
Increase / (Decrease) in borrowings	(2,759,096)	(37,398,225)
Decrease in accrued and other liabilities	(1,892,657)	(10,661,680)
	(4,651,753)	(55,759,905)
Net changes in operating assets and liabilities	154,424,614	(197,931,916)
Income tax paid	(543,980)	(249,336)
<b>Net cash used in operating activities</b>	184,651,252	(172,836,866)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceed from sale of Fixed assets	-	(490,680)
Purchase of fixed assets - net	(121,600,347)	-
Investments in quoted shares	(71,500,885)	-
<b>Net cash generated from investing activities</b>	(193,101,232)	(490,680)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing	3,878,461	5,169,599
Subordinate loan	-	180,000,000
Net decrease in cash and cash equivalents	(4,571,519)	11,842,053
<b>Cash and cash equivalents at the beginning of the period</b>	19,663,073	34,443,155
<b>Cash and cash equivalents at the end of the period</b>	15,091,554	46,285,208

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

**SHAKEEL AHMED**  
CFO

**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

**HAJI JAN MUMAMMAD**  
CHAIRMAN



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	Share capital	Statutory reserve	Accumulated loss	Unrealized gain on re measurement of available of sale of investments to fair value	Total
	←----- Rupees -----→				
<b>Balance as at 01 January 2018</b>	<b>514,335,580</b>	<b>159,452,163</b>	<b>(94,427,968)</b>	<b>18,406,709</b>	<b>597,766,484</b>
Total comprehensive income for the period	-	-	17,619,002	(9,986,397)	7,632,605
Transfer to Statutory Reserve	-	3,559,888	(3,559,888)	-	-
<b>Balance as at 30 September , 2018</b>	<b>514,335,580</b>	<b>163,012,051</b>	<b>(80,368,854)</b>	<b>8,420,312</b>	<b>605,399,089</b>
Total comprehensive income for the period	-	-	(628,664)	(4,454,844)	(5,083,508)
Appropriations:					
Statutory reserves	-	(114,876)	114,876	-	-
<b>Balance as at 31 December 2018</b>	<b>514,335,580</b>	<b>162,897,175</b>	<b>(80,882,642)</b>	<b>3,965,468</b>	<b>600,315,581</b>
Total comprehensive income for the period	-	-	29,373,213	(27,689,605)	1,683,608
Appropriations:					
Statutory reserves	-	6,271,833	(6,271,833)	-	-
<b>Balance as at 30 Sep 2019</b>	<b>514,335,580</b>	<b>169,169,008</b>	<b>(57,781,262)</b>	<b>(23,724,137)</b>	<b>601,999,189</b>

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

**SHAKEEL AHMED**  
CFO

**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

**HAJI JAN MUMAMMAD**  
CHAIRMAN

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2019

### 1 STATUS AND PRINCIPAL ACTIVITIES

The group consist of Security Investment Bank Limited ( the holding company) and Security Capital & Investment (Private) Limited (the subsidiary company).

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Bank was incorporated in Pakistan on May 23, 1991 and started its commercial operation on December 31, 1991. Its shares are quoted on Pakistan Stock Exchange Limited. The registered office of SIBL is situated at office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, 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 1002 (I) /2015 dated 15 October 2015 and Non-Banking Finance Companies and Notified Entities Regulations 2008 as amended through SRO 1160(I) / 2015 dated 25 November 2015 (previously this was covered under SRO 585(1)/87 dated 13 July 1987, issued by the Ministry of Finance).

The Investment Bank made an investment in newly incorporated wholly owned subsidiary company namely Security Capital & Investment (Private) Limited amounting to Rs. 50 million . As per agreement dated September 07, 2016 between the Investment Bank and Security Capital & Investment (Private) Limited, the Investment Bank has transferred the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of Pakistan Stock Exchange Limited (PSX). However actual transfer of these assets could not be materialized due to regulatory formalities which are in the process of completion.

Security Capital & Investments (Private) Limited (the subsidiary Company) is a private company limited by shares incorporated in Pakistan on February 23, 2015 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at Karachi in the province of Sindh.

### 2 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial information have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting), the requirements of the repealed Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the requirements of the repealed Companies Ordinance, 1984 and the said directives have been followed.

These consolidated condensed interim financial information does not include all the information required for preparation of full financial information and should be read in conjunction with the preceding published annual financial statements for the year ended December 31, 2018.

The comparative balance sheet presented in this consolidated condensed interim financial information as at December 31, 2018 has been extracted from audited financial statements of the company for the year ended December 31, 2018, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the quarter ended Sep 30, 2019 have been subjected to a review but not audit.

### 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the company for the year ended December 31, 2018.

#### 4 ESTIMATES AND JUDGEMENTS

The preparation of consolidated condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Bank'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 2018.

	Sep 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	<----- Rupees ----->	
<b>5 OPERATING ASSETS</b>		
<b>Cost</b>		
As at January 19	46,385,638	13,907,164
Addition	121,790,710	32,603,380
Deletion	(967,865)	(124,906)
As at Sep 30	<b>167,208,483</b>	46,385,638
<b>Less: Accumulated Depreciation</b>		
As at January 19	6,348,923	4,564,608
Depreciation expenses	1,881,387	1,784,315
Adjustment made	(357,702)	-
As at Sep 30	<b>7,872,608</b>	6,348,923
	<b>159,335,875</b>	40,036,715
<b>6 CASH AND BANK BALANCES</b>		
With State Bank of Pakistan in current account	6,937	11,257
With other banks in		
Current account	1,902,963	2,196,079
Deposit accounts	13,108,854	17,431,673
	15,011,817	19,627,752
Cash in hand	72,800	24,064
	<b>15,091,554</b>	19,663,073

#### 7 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 25 October 2019.

#### 8 GENERAL

Figures have been rounded off to the nearest rupee.

**SHAKEEL AHMED**  
CFO

**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

**HAJI JAN MUMAMMAD**  
CHAIRMAN



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