

Quarterly **Report**
September 30, 2018



SIB | SECURITY
INVESTMENT
BANK LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

ACTING PRESIDENT & CHIEF EXECUTIVE

Mr. Zafar .M. Sheikh

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

BUSINESS DEVELOPMENT COMMITTEE

Mr. Sheikh Asim Rafiq NIT Nominee (Chairman)
Mr. Muhammad Mehboob
Mr. Muhammad Shoaib
Mr. Karim Muhammad Munir
Mr. Zafar .M. Sheikh

CFO AND COMPANY SECRETARY

Shakeel Ahmad

AUDITORS

BDO Ebrahim & Co
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.
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

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 30 September 2018.

Our Country's current account deficit continues to pose a challenge. Due to increase in the value of oil imports has kept the current account deficit at US\$ 2.7 billion, as compared to US\$ 2.5 billion in the corresponding period of last year despite of non oil imports declining during the period. SBP's net foreign exchange reserves have declined to US\$ 9.0 billion. Economic indicators show the higher international oil prices, rising inflation trend and rupees devaluation are the core economic challenges to macroeconomic management in Pakistan.

During the period under review SBP increased its policy rate by 100 bps to 8.50% in the monetary policy statement issued on September 29, 2018.

During the quarter ended September 30, 2018, the KSE-100 index registered slightly decreased 40,999 points as of 30 September 2018 from 41,910 points as of 30 June 2018.

Alhamdulillah, your company posted operating profit before taxes of Rs. 25.324 million for the quarter ended 30 September 2018 as compared to Rs. 15.043 million of the corresponding period. Your Company's EPS Rs. Was 0.352 as compared to Rs. 1.123 of the corresponding period. Income from financing and placement increased by 33% compared with the same period of last year.

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

On behalf of the Board

Karachi, 29 October 2018

Haji jan Muhammad
(Chairman)

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2018

		September 30 2018 (Un-audited)	December 31 2017 (Audited)
	Note	<----- Rupees ----->	
Non-current assets			
Property, plant and equipment	5	8,438,014	9,172,179
Intangible assets		2,500,000	2,500,000
Long term investments	6	50,000,000	50,000,000
Long term financing	7	7,773,047	12,942,646
Deferred tax asset - net	15	4,089,875	8,599,833
Current assets			
Short term financing	8	566,072,368	414,827,758
Short term investments	9	6,732,325	5,836,219
Loans and advances		3,957,623	4,345,443
Deposits, prepayments and other receivables		2,537,808	10,541,924
Accrued interest		40,459,130	41,139,793
Tax refund due from government		81,732,120	84,189,032
Cash and bank balances	10	46,285,208	34,443,155
		747,776,582	595,323,324
		820,577,518	678,537,982
Equity and liabilities			
Share capital and reserves			
Authorised capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		514,335,580	514,335,580
Statutory reserves		163,012,051	159,452,163
Accumulated loss		(75,648,985)	(89,888,538)
Deficit on revaluation of investments-net of tax		(1,945,406)	(1,945,406)
Subordinated loan	12	180,000,000	-
		779,753,240	581,953,799
Current liabilities			
Short term deposits		-	7,700,000
Unclaimed Dividend		2,094,583	2,094,583
Bank borrowing	13	-	37,398,225
Accrued and other liabilities		38,729,695	49,391,375
		40,824,278	96,584,183
Contingencies and commitments	14	-	-
		820,577,518	678,537,982

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 2018

Note	Nine Months Ended		Quarter Ended	
	September 30 2018	September 30 2017	September 30 2018	September 30 2017
	Rupees ----->			
Income				
Income on financing and placements	49,705,394	37,436,008	18,297,134	14,365,245
Return on investments	735,194	604,246	317,490	120,037
Capital gain	1,204,766	1,748,226	1,204,766	-
Profit on deposit with banks	1,375,006	67,148	335,511	41,387
Other income	1,071,783	2,748,608	(1,044,196)	588,977
	54,092,143	42,604,236	19,110,705	15,115,646
Expenditure				
Return on deposits and borrowings	5,739,488	2,096,866	2,953,577	982,124
Operating expenses	23,028,350	25,464,545	7,915,726	8,112,381
	28,767,838	27,561,411	10,869,303	9,094,505
Operating profit	25,324,305	15,042,825	8,241,402	6,021,141
Realized gain on remeasurement PSX shares transferred from unrealized gain	-	51,614,948	-	-
Profit before taxation	25,324,305	66,657,773	8,241,402	6,021,141
Taxation				
Current	(2,706,246)	(1,291,344)	-	-
Deferred	(4,509,958)	(7,623,050)	-	-
	(7,216,204)	(8,914,394)	-	-
Net Profit after tax	18,108,101	57,743,379	8,241,402	6,021,141
Earning per share - basic and diluted	0.352	1.123	0.160	0.117

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 CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Nine months ended Sep 30,	
	2018	2017
Note	<----- Rupees ----->	
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before taxation	25,324,305	15,042,825
Adjustments for non-cash and other items		
Depreciation	1,274,847	1,438,779
Gain on disposal of shares	(1,204,766)	(1,748,226)
Gain on disposal of fixed assets	(50,000)	(212,287)
	20,081	(521,734)
Cash flows from operating activities before working capital changes	25,344,386	14,521,091
(Increase) / Decrease in operating assets		
(Increase) / Decrease in financing and placements	(151,244,610)	(149,060,682)
Decrease in loans and advances	387,820	2,173,702
Decrease in deposits, prepayment and other receivables	8,004,116	(3,641,679)
(Increase) / Decrease in accrued interest	680,663	16,868,873
	(142,172,011)	(133,659,786)
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in short term deposits	(7,700,000)	-
(Decrease) / Increase in borrowings	(37,398,225)	46,570,736
(Decrease) / Increase in accrued and other liabilities	(10,661,680)	268,872
	(55,759,905)	46,839,608
Net changes in operating assets and liabilities	(197,931,916)	(86,820,178)
Income tax paid	(249,336)	(125,100)
Net cash used in operating activities	(172,836,866)	(72,424,187)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets - net	(490,680)	(112,198)
Sale of investments (shares)	-	1,607,374
Sale of PSX shares	-	67,324,040
Net cash generated from investing activities	(490,680)	68,819,216
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	5,169,599	1,947,461
Subordinate loan	180,000,000	-
Net decrease in cash and cash equivalents	11,842,053	(1,657,510)
Cash and cash equivalents at the beginning of the period	34,443,155	8,439,698
Cash and cash equivalents at the end of the period	46,285,208	6,782,188

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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Nine months Ended Sep 30,		Quarter Ended Sep 30,	
	2018	2017	2018	2017
	Rupees			
Net profit after tax	18,108,101	57,743,379	8,241,402	6,021,141
Other comprehensive income for the period				
Items that may be reclassified subsequently to income statement				
Deficit on revaluation of investments - net of tax	(308,660)	-	8,752	-
Items that will not be reclassified subsequently to income statement	-	-	-	-
Total comprehensive income for the period	<u>17,799,441</u>	<u>57,743,379</u>	<u>8,241,402</u>	<u>6,021,141</u>

The annexed notes from 1 to 19 form an integral part of this unconsolidated condensed interim financial information.

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Share capital	Statutory reserve	Unappropriated loss/profit	Unrealized gain on re measurement of available of sale of investments to	Total
	Rupees				
Balance as at 01 January 2017	514,335,580	147,316,381	(138,431,667)	51,614,948	574,835,242
Total comprehensive income for the period	-	-	57,743,379	(51,614,948)	6,128,431
Appropriations:				-	-
Statutory reserves	-	11,548,676	(11,548,676)	-	-
Balance as at 30 September 2017	<u>514,335,580</u>	<u>158,865,057</u>	<u>(92,236,964)</u>	<u>-</u>	<u>580,963,673</u>
Total comprehensive income for the year	-	-	2,935,532	-	2,935,532
Appropriations:					
Statutory reserves	-	587,106	(587,106)	-	-
Balance as at 31 December 2017	<u>514,335,580</u>	<u>159,452,163</u>	<u>(89,888,538)</u>	<u>-</u>	<u>583,899,205</u>
Profit for the period ended 30 Sep 2018	-	-	17,799,441	-	17,799,441
other comprehensive income	-	-	-	-	-
Statutory reserves	-	3,559,888	(3,559,888)	-	-
Balance as at 30 Sep 2018	<u>514,335,580</u>	<u>163,012,051</u>	<u>(75,648,985)</u>	<u>-</u>	<u>601,698,646</u>

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

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1 STATUS AND PRINCIPAL ACTIVITIES

Security Investment Bank Limited (the Company) 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 May 23, 1991 and started its commercial operations on December 31, 1991. Its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, 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.

During the period, the Company has not got its credit rating renewed as the Company has curtailed the status of deposit taking. Previously, JCR - VIS Credit Rating Company Limited has placed the rating of the Company for medium to long-term rating at 'BBB'+ (Triple B plus) and the short-term rating at 'A-2' (A two) on 'Rating Watch Developing' status.

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.

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 2017. 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 2017.

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 2017.

Sep 30,
2018
(Un-audited)
Dec 31, 2017
(Audited)
←----- Rupees ----->

5 Operating Assets

Cost

As at January 01

Addition

Deletion

As at Sep 30

13,874,456	14,521,542
540,680	1,595,030
(49,996)	(2,316,569)
14,365,140	13,800,003

Less: Accumulated Depreciation

As at January 01

Depreciation expenses

Adjustment made

As at Sep 30

4,702,275	3,822,839
1,274,847	1,444,654
(49,996)	(932,356)
5,927,126	4,335,137
8,438,014	9,464,866

6 Long term investments

Investment - Subsidiary

5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each

50,000,000	50,000,000
50,000,000	50,000,000

7 Long term financing

Related parties - secured and considered good

- Associated companies

- Others

Less: Deferred Murahaba income

Murahaba receivable

Less: Current maturity

12,410,473	20,993,098
5,686,424	10,981,018
(1,123,918)	(2,645,481)
16,972,979	29,328,635
(9,199,932)	(13,509,906)
7,773,047	15,818,729

8 Short term financing- secured and considered good

Associated companies

Current maturity of long term financing

556,872,436	427,607,912
9,199,932	13,509,906
566,072,368	441,117,818

8.1 During the year under review, the Commission issued onsite inspection orders vide letter number SCD/S&ED-IW/SIBL/2018/305 dated April 24, 2018 in respect of inspection of the Company and its business. The Commission carried out the inspection and directed the Company to provide comments on violation of above stated Regulation 19(h) of the Regulations vide letter SCD/S&ED-IW/SIBL/2018/324, dated July 02, 2018. In response to the said letter of findings from the Commission, the Company submitted reply along with an undertaking and repayment schedule to the Commission to settle all financing in compliance with the Regulations.

9 Short term investment

Available for sale

Term Finance Certificates

Quoted shares

5,836,219	5,836,219
896,106	-
6,732,325	5,836,219

Sep 30, 2018 Dec 31, 2017
(Un-audited) (Audited)
----- Rupees ----->

10 Cash and bank balances

With State Bank of Pakistan in current account	29,935	29,935
With other banks in		
Current account	2,888,282	2,368,599
Deposit accounts	43,267,516	3,304,929
	46,155,798	5,673,528
Cash in hand	99,475	30,250
	46,285,208	5,733,713

11 Deficit on revaluation of investment - net of tax

Term Finance Certificates	(1,945,406)	(1,945,406)
Quoted shares	-	-
	(1,945,406)	(1,945,406)

12 SUBORDINATED LOAN

Subordinated loan	180,000,000	-
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12.1 In accordance with the requirement of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 (vide SRO No. 1002(I)/ 2015 dated October 15, 2015 and SRO No. 1160(I)/2015 dated November 25, 2015), the Securities and Exchange Commission of Pakistan has instructed existing NBFCs to meet with Minimum Capital requirement of Rs.750 million to raise deposits. In order to avail the license of deposit taking NBFC, during the period the Company has raised subordinated loan of Rs. 180 million from related parties under Clause xix of Rule 2 of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. However, approval from the Securities and Exchange Commission of Pakistan is awaited to include the sub-ordinated loan for meeting the minimum capital requirements of Rs. 750 million.

13 Bank borrowing

Running finance facility	-	46,570,736
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13.1 The company has availed running finance facility from Summit Bank with a limit of Rs. 50.0 million @ 3 months KIBOR+4%

14 Contingencies and commitments

14.1 Guarantees issued on behalf of customers	64,203,000	64,584,900
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15 Deferred Tax

Deferred taxation	4,089,875	7,623,050
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16 Transaction with related parties

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

Sep 30, 2018	December 31, 2017
(Un-audited)	(Audited)

<----- Rupees ----->

BALANCES AS AT THE PERIOD END

Financing

Balance at year end

- Associated undertakings

556,872,436	427,607,912
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Short term deposits

Balance at year end

- Others

-	7,700,000
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Un funded Guarantee

- Associated undertakings

14,203,000	14,584,900
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- Others

50,000,000	50,000,000
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Investment in subsidiary

Equity shares

50,000,000	50,000,000
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Advance from subsidiary

Advance against purchase of certain assets

14,000,562	14,000,562
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Nine Months ended Sep 30,

2018	2017
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<----- Rupees ----->

TRANSACTIONS DURING THE PERIOD

Return on financing

- Associated undertakings

38,153,024	39,408,221
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Contribution to staff retirement benefit plan

300,151	342,662
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17 Date of authorisation

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

18 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 2018**

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 30 SEP 2018

		Sep 30 2018 (Un-audited)	December 31 2017 (Audited)
	Note	<----- Rupees ----->	
Non-current assets			
Property, plant and equipment	5	8,579,836	9,342,556
Intangible assets		7,500,000	7,500,000
Long term Investment		25,919,750	35,906,147
Long term financing		7,773,047	12,942,646
Deferred tax asset - net		4,089,875	8,599,833
Current assets			
Short term financing		566,072,368	414,827,758
Short term investments		6,732,325	5,836,219
Loan and Advances		3,957,623	4,692,986
Deposits, prepayments and other receivables		2,902,313	10,541,924
Accrued interest		40,459,130	41,139,793
Tax Refund due from Government		81,732,120	84,189,032
Cash and bank balances	6	46,540,608	34,841,922
		748,396,487	596,069,633
		802,258,995	670,360,815
Equity and liabilities			
Share capital and reserves			
Authorised capital		1,000,000,000	1,000,000,000
100,000,000 ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital		514,335,580	514,335,580
Statutory reserves		163,001,520	159,452,163
Accumulated loss		(78,423,448)	(94,427,968)
Subordinated loan		180,000,000	-
Deficit on revaluation of investments - net of tax		(1,945,406)	-
Unrealized gain on re-measurement of available for sale investment to fair value - net		8,420,312	18,406,709
		785,399,089	597,766,484
		-	-
Current liabilities			
Borrowings		-	37,398,225
Short term deposits		-	7,700,000
Accrued and other liabilities		16,859,906	27,496,106
		16,859,906	72,594,331
Contingencies and commitments			
		802,258,995	670,360,815

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 PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEP 30 2018

	Nine Months Ended		Quarter Ended	
	Sep 30 2018	Sep 30 2017	Sep 30 2018	Sep 30 2017
	←----- Rupees -----→			
Income				
Income on financing and placements	49,705,394	37,436,008	18,297,134	14,365,245
Return on investments	735,194	604,246	317,490	120,037
Gain on sale of shares	1,204,766	1,748,226	-	-
Profit on deposit with banks	1,538,228	510,034	341,580	382,863
Other income	1,071,783	2,748,608	160,570	588,977
	<u>54,255,365</u>	<u>43,047,122</u>	<u>19,116,774</u>	<u>15,457,122</u>
Expenditure				
Return on deposits and borrowings	5,739,488	2,096,866	2,953,577	982,124
Operating expenses	<u>23,372,011</u>	<u>28,030,715</u>	<u>7,930,443</u>	<u>9,285,521</u>
	<u>29,111,499</u>	<u>30,127,581</u>	<u>10,884,020</u>	<u>10,267,645</u>
Operating profit before tax	25,143,866	12,919,541	8,232,754	5,189,477
Realized gain on remeasurement PSX shares transferred from unrealized gain	-	51,614,948	-	-
Taxation				
Deferred	(4,509,958)	(7,623,050)	-	-
Current	<u>(2,706,246)</u>	<u>(1,291,344)</u>	<u>-</u>	<u>-</u>
	<u>(7,216,204)</u>	<u>(8,914,394)</u>	<u>-</u>	<u>-</u>
Net profit after tax	17,927,662	55,620,095	8,232,754	5,189,477
Other Comprehensive Income				
Other comprehensive income	(308,660)	-	-	-
Total comprehensive income - net of tax	<u>17,619,002</u>	<u>55,620,095</u>	<u>8,232,754</u>	<u>5,189,477</u>
Earning per share - basic and diluted	<u>0.349</u>	<u>1.081</u>	<u>0.160</u>	<u>0.101</u>

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 CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEP 30 2018

	Quarter ended Sep. 30,	
	2018	2017
	<----- Rupees ----->	
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before taxation	25,143,866	71,513,146
Adjustments for non-cash and other items		
Depreciation	1,303,401	1,831,778
Gain on disposal of shares	(1,204,766)	(1,748,226)
Gain on disposal of fixed assets	(50,000)	(212,287)
Realized gain on remeasurement of PSX shares	-	(51,614,948)
	48,635	(51,743,683)
Cash flows from operating activities before working capital changes	25,192,501	19,769,463
(Increase) / Decrease in financing and placements	(151,244,610)	(122,770,622)
(Increase) / Decrease in loans and advances	735,363	608,158
Decrease in deposits, prepayment and other receivables	7,639,611	(1,837,288)
(increase) / Decrease in accrued interest	680,663	8,302,912
	(142,188,973)	(115,696,840)
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in short term deposits	(7,700,000)	-
Increase / (Decrease) in borrowings	(37,398,225)	37,398,225
Decrease in accrued and other liabilities	(10,636,200)	(1,040,231)
	(55,734,425)	36,357,994
Net changes in operating assets and liabilities	(197,923,399)	(79,338,846)
Long term financing	-	4,823,544
Income tax paid	(249,336)	(500,967)
Net cash used in operating activities	(172,980,233)	(55,246,806)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from sale of Fixed assets	50,000	1,596,500
Purchase of fixed assets - net	(540,680)	(1,859,843)
Sale of investments (shares)	-	1,607,374
Sale of PSX shares	-	67,324,040
Net cash generated from investing activities	(490,680)	68,668,071
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	5,169,599	
Subordinate loan	180,000,000	
Net decrease in cash and cash equivalents	11,698,686	13,421,265
Cash and cash equivalents at the beginning of the period	34,841,922	21,420,657
Cash and cash equivalents at the end of the period	46,540,608	34,841,922

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEP 30 2018

	Share capital	Statutory reserve	Accumulated loss	Unrealized gain on re measurement of available of sale of investments to fair value	Total
←————— Rupees —————→					
Balance as at 01 January 2017	514,335,580	147,316,381	(138,830,727)	78,978,194	601,799,428
Net profit from Jan To Sep 17	-	-	55,620,095	-	55,620,095
Unrealized gain on re measurement of available of sale of investments to fair value	-	-	-	-	-
Transfer to Statutory Reserve	-	11,548,676	(11,548,676)	(51,614,948)	(51,614,948)
Balance as at 30 September, 2017	514,335,580	158,865,057	(94,759,308)	27,363,246	605,804,575
Total comprehensive income for the period	-	-	2,863,852	-	2,863,852
Unrealize gain on re measurement of available of sale of investment to fair value	-	-	-	(8,956,537)	(8,956,537)
Appropriations:	-	-	-	-	-
Statutory reserves	-	587,106	(587,106)	-	-
Balance as at 31 December 2017	514,335,580	159,452,163	(92,482,562)	18,406,709	599,711,890
Total comprehensive income for the period	-	-	17,619,002	-	17,619,002
Appropriations:	-	-	-	-	-
Unrealized gain on re measurement of available of sale of investments to fair value	-	-	-	(9,986,397)	(9,986,397)
Appropriations:	-	-	-	-	-
Statutory reserves	-	3,559,888	(3,559,888)	-	-
Balance as at 30 Sep 2018	514,335,580	163,012,051	(78,423,448)	8,420,312	607,344,495

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

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NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

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 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 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).

JCR - VIS Credit Rating Company Limited has placed the rating of SIBL for medium to long-term rating at 'BBB'+ (Triple B plus) and the short-term rating at 'A-2' (A Two) on 'Rating Watch Developing' status.

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, 2017.

The comparative balance sheet presented in this consolidated condensed interim financial information as at December 31, 2017 has been extracted from audited financial statements of the company for the year ended December 31, 2016, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the quarter ended Sep 30, 2017 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, 2017.

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 2017.

Sep 30, 2018 (Un-audited)	December 31, 2017 (Audited)
<----- Rupees ----->	

5 OPERATING ASSETS

Cost

As at January 18	14,064,816	14,521,542
Addition	540,680	1,859,843
Deletion	(49,995)	(2,316,569)
As at Sep 30	14,555,501	14,064,816

Less: Accumulated Depreciation

As at January 18	4,722,260	3,822,838
Depreciation expenses	1,303,401	1,831,778
Adjustment made	(49,996)	(932,356)
As at Sep 30	5,975,665	4,722,260
	8,579,836	9,342,556

6 CASH AND BANK BALANCES

With State Bank of Pakistan in current account	29,935	29,935
With other banks in		
Current account	2,888,282	2,111,201
Deposit accounts	43,522,916	32,684,355
	46,411,198	34,795,556
Cash in hand	99,475	16,431
	46,540,608	34,841,922

7 DATE OF AUTHORISATION

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

8 GENERAL

Figures have been rounded off to the nearest rupee.

SHAKEEL AHMED
CFO

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CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN



SIB | SECURITY
INVESTMENT
BANK LTD.

Islamabad Office:

GPO Box No. 2967, Suite No. 4th, 3rd Floor, Al-Babar Centre, Main Markaz F-8, Islamabad.
Tel: (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