SIB | SECURITY INVESTMENT BANK LTD.

3rd QUARTERLY REPORT September 30, 2017

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 REMUNIRATION COMMITTEE

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

BUSINESS DEVELOPMENT COMMITTEE

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

CFO&COMPANY SECRETARY
Mr. Shakeel Ahmed

HEAD OF INTERNAL AUDIT / COMPLAINCE
Mr. Shah Imran Ahmed

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Grant Thoranton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Muhammad Tariq Qureshi

SHARE REGISTRAR

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

BANKERS

Al-Baraka Bank Pakistan Ltd.
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

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

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 2017.

During the current period State Bank of Pakistan (SBP) maintained its discount rate unchanged at 5.75% in the monetary policy statement issued on September 29, 2017. During the third quarter of 2017, the KSE-100 index registered decrease of 8.92% from 46,565 points as of 30 June 2017 to 42,409 points as of 30 September 2017.

Alhamdulillah, your company posted operating profit before taxes of Rs. 15.042 million added realized gain on sale of PSX shares of Rs. 51.615 million to the strategic investors, comprises total profit before tax of Rs. 66.657 million for the nine months ended 30 September 2017 as compared to Rs. 2.563 million of the corresponding period. Your Company's EPS at Rs. 1.123 as compared to Rs. 0.039 of the corresponding period.

During the period under review the process of transfer of TRE from SIB to its wholly owned subsidiary have been completed and PSX issued notice of transfer of TRE to its subsidiary dated September 28, 2017, thereafter the process of applying for the Brokerage License from SECP is underway. The Board is in process of reviewing current business being undertaken and other business that could undertake by the Company.

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

Karachi, 28 October 2017

Karim Muhammad Munir
(Director)

SIB SECURITY INVESTMENT BANK LTD.

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2017

	Note	September 30 2017 (Un-audited)	December 31 2016 (Audited)
		<---------- *Rupees*	---------->
Non-current assets			
Property, plant and equipment	5	**9,464,866**	10,698,703
Intangible assets		**2,500,000**	750,000
Long term investments	6	**50,000,000**	50,000,000
Long term financing	7	**15,818,729**	17,766,190
Deferred tax asset - net		**10,493,052**	18,116,102
Current assets			
Short term financing	8	**441,117,818**	292,057,136
Short term investments	9	**5,836,219**	74,657,944
Loans and advances		**90,181,980**	92,355,682
Deposits, prepayments and other receivables		**12,346,313**	8,704,634
Accrued interest		**32,573,832**	49,442,705
Cash and bank balances	10	**5,733,713**	8,439,698
		587,789,875	525,657,799
		676,066,522	622,988,794
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		**158,865,057**	147,316,381
Accumulated loss		**(92,236,964)**	(138,431,667)
Unrealized gain on re-measurement of available for sale investment to fair value - net		**-**	51,614,948
		580,963,673	574,835,242
Deficit on revaluation of investments - net of tax	11	**(1,945,406)**	(2,055,095)
Current liabilities			
Short term deposits		**7,700,000**	7,700,000
Bank borrowing	12	**46,570,736**	-
Accrued and other liabilities		**42,777,519**	42,508,647
		97,048,255	50,208,647
Contingencies and commitments	13	**-**	-
		676,066,522	622,988,794

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Nine Months Ended		Quarter Ended	
		September 30 2017	September 30 2016	**September 30 2017**	September 30 2016
		<---------- *Rupees* ---------->			
Income					
Income on financing and placements		**37,436,008**	26,423,119	**14,365,245**	9,338,480
Return on investments		**604,246**	4,598,663	**120,037**	369,848
Capital gain		**1,748,226**	1,558,409	**-**	40,040
Profit on deposit with banks		**67,148**	104,205	**41,387**	18,831
Other income		**2,748,608**	906,037	**588,977**	477,036
		42,604,236	33,590,433	**15,115,646**	10,244,235
Expenditure					
Return on deposits and borrowings		**2,096,866**	1,048,595	**982,124**	483,712
Operating expenses		**25,464,545**	29,978,722	**8,112,381**	8,062,469
		27,561,411	31,027,317	**9,094,505**	8,546,181
Operating profit		**15,042,825**	2,563,116	**6,021,141**	1,698,054
Realized gain on remeasurement PSX shares tansferred from unrealized gain		**51,614,948**	-	**-**	-
Profit before taxation		**66,657,773**	2,563,116	**6,021,141**	1,698,054
Taxation					
Current		**(1,291,344)**	(553,925)	**-**	(285,468)
Deferred	14	**(7,623,050)**	-	**-**	-
		(8,914,394)	(553,925)	**-**	(285,468)
Net Profit after tax		**57,743,379**	2,009,191	**6,021,141**	1,412,586
Other Comprehensive Income					
Other comprehensive income		**-**	(284,122)	**-**	-
Total comprehensive income - net of tax		**57,743,379**	1,725,069	**6,021,141**	1,412,586
Earning per share - basic and diluted		**1.123**	0.039	**0.117**	0.027

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

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SIB SECURITY INVESTMENT BANK LTD.

UNCONSOLIDATED CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Nine months ended Sep 30, 2017	2016
		<---------- *Rupees* ---------->	
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before taxation		**15,042,825**	2,563,116
Adjustments for non-cash and other items			
Depreciation		**1,444,654**	1,465,529
Gain on disposal of shares		**(1,748,226)**	(1,558,409)
Gain on disposal of fixed assets		**(212,287)**	(2,999)
		(515,859)	(95,879)
Cash flows from operating activities before working capital changes		**14,526,966**	2,467,237
(Increase) / Decrease in operating assets			
(Increase) / Decrease in financing and placements		**(149,060,682)**	(48,461,140)
Decrease in loans and advances		**2,173,702**	(1,690,725)
Increase in deposits, prepayment and other receivables		**(3,641,679)**	(390,202)
(Increase) / Decrease in accrued interest		**16,868,873**	(10,408,055)
		(133,659,786)	(60,950,122)
Increase / (Decrease) in operating liabilities			
(Decrease) / Increase in short term deposits		**-**	2,629,405
(Increase) / Decrease in borrowings		**46,570,736**	-
(Decrease) / Increase in accrued and other liabilities		**268,872**	5,824,578
		46,839,608	8,453,983
Net changes in operating assets and liabilities		**(86,820,178)**	(52,496,139)
Income tax paid		**(125,100)**	(352,909)
Net cash used in operating activities		**(72,418,312)**	(50,381,811)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets - net		**(1,166,548)**	(2,343,302)
Sale of investments (shares)		**1,607,374**	10,219,333
Sale of PSX shares		**67,324,040**	(278,227)
Net cash generated from investing activities		**67,764,866**	7,597,804
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing		**1,947,461**	-
Net decrease in cash and cash equivalents		**(2,705,985)**	(42,784,007)
Cash and cash equivalents at the beginning of the period		**8,439,698**	51,986,367
Cash and cash equivalents at the end of the period		**5,733,713**	9,202,360

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
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UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Share capital	Statutory reserve	Unappropriated loss/profit	Unrealizezed gain on re measurement of available of sale of investments to	Total
	<----------		Rupees	---------->	
Balance as at 01 January 2016	514,335,580	145,543,127	(145,524,683)	-	514,354,024
Total comprehensive income for the period	-	-	312,483	-	312,483
Appropriations:				-	
Statutory reserves	-	62,497	(62,497)	-	-
Balance as at 30 September 2016	**514,335,580**	**145,605,624**	**(145,274,697)**	**-**	**514,666,507**
Total comprehensive income for the year	-	-	8,553,787	51,614,948	60,168,735
Appropriations:					
Statutory reserves	-	1,710,757	(1,710,757)	-	-
Balance as at 31 December 2016	**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 Sep 2017	**514,335,580**	**158,865,057**	**(92,236,964)**	**-**	**580,963,673**

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
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NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

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 Pakistan Stock Exchange. 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).

During previous year, the Investment Bank made an investment in wholly owned subsidary company namely Security Capital & Investment (Private) Limited amounted 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 Entitlment 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.

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 2016. 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 2016.

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 2016.

	Sep 30, 2017	Dec 31, 2016
	(Un-audited)	(Audited)
	<---------- Rupees ----------->	
5 Operating Assets		
Cost		
As at January 01	**14,521,542**	16,256,917
Addition	**1,595,030**	2,704,975
Deletion	**(2,316,569)**	(4,440,350)
As at Sep 30	**13,800,003**	14,521,542
Less: Accumulated Depreciation		
As at January 01	**3,822,839**	4,688,043
Depreciation expenses	**1,444,654**	1,910,201
Adjustment made	**(932,356)**	(2,775,405)
As at Sep 30	**4,335,137**	3,822,839
	9,464,866	10,698,703
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	**20,993,098**	29,642,147
- Others	**10,981,018**	7,727,021
Less: Deferred Murahaba income	**(2,645,481)**	(5,045,842)
Murahaba receiveable	**29,328,635**	32,323,326
Less: Current maturity	**(13,509,906)**	(14,557,136)
	15,818,729	17,766,190
8 Short term financing- secured and considered good		
Associated companies	**427,607,912**	277,500,000
Current maturity of long term financing	**13,509,906**	14,557,136
	441,117,818	292,057,136
9 Short term investment		
Available for sale		
Investment in PSX Shares	**-**	67,324,040
Term Finance Certificates	**5,836,219**	5,836,219
Quoted shares	**-**	1,497,685
	5,836,219	74,657,944

10 Cash and bank balances

With State Bank of Pakistan in current account	**29,935**	97,197
With other banks in		
Current account	**2,368,599**	8,114,189
Deposit accounts	**3,304,929**	192,436
	5,673,528	8,306,625
Cash in hand	**30,250**	35,876
	5,733,713	8,439,698

11 Deficit on revaluation of investment - net of tax

Term Finance Certificates	**(1,945,406)**	(1,945,406)
Quoted shares	**-**	(109,689)
	(1,945,406)	(2,055,095)

12 Bank borrowing

Running finance facility	**46,570,736**	-

12.1 The company has availed running finance facility from Summit Bank with a limit of Rs. 50.0 million @ 3 months KIBOR+4%

13 Contingencies and commitments

13.1 Guarantees issued on behalf of customers	**64,584,900**	64,584,900

14 Deferred Tax

Deferred taxation	**7,623,050**	-

14.1 Unused business losses pertaining to the TY-2010 was expired in the current financial year. Relevant portion pertaining to business losses of Rs. 7.605 million charged to P & L account and portion pertaining to depreciation loss remained the part of deferred tax assets till adjusted.

15 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, 2017 (Un-audited)	December 31, 2016 (Audited)
	<---------- *Rupees* ---------->	
BALANCES AS AT THE PERIOD END		
Financing		
Balance at year end		
- Associated undertakings	**397,607,912**	292,057,136
- Others	**30,000,000**	-
Short term deposits		
Balance at year end		
- Associated undertakings	**-**	-
- Others	**7,700,000**	7,700,000

Un funded Guarantee		
- Associated undertakings	**14,584,900**	14,584,900
- Others	**50,000,000**	50,000,000
Investment in subsidiary		
Equity shares	**50,000,000**	50,000,000
Advance from subsidiary		
Advance against purchase of certain assets	**14,000,562**	14,000,562

	Nine Months ended Sep 30,	
	2017	2016
	<---------- *Rupees* ---------->	
TRANSACTIONS DURING THE PERIOD		
Return on financing		
- Associated undertakings	**37,106,851**	24,830,290
- Others	**2,301,370**	-
Return on deposits		
- Associated undertakings	-	793,195
- Others	-	276,329
Contribution to staff retirement benefit plan	**342,662**	520,071

16 Date of authorisation

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on 28, October 2017

17 General

Figures have been rounded off to the nearest rupee.

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.

CONSOLIDATED FINANCIAL STATEMENTS

For the Quarter ended 30 September 2017

SIB | SECURITY INVESTMENT BANK LTD.

SIB SECURITY INVESTMENT BANK LTD.

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2017

	Note	Sep. 30 2017 (Un-audited)	December 31 2016 (Audited)
		<---------- *Rupees*	---------->
Non-current assets			
Property, plant and equipment	5	**9,481,966**	10,698,704
Intangible assets		**7,500,000**	5,750,000
Long term financing	6	**15,818,729**	17,766,190
Deferred tax asset - net		**10,493,052**	18,116,102
Current assets			
Short term financing		**441,117,818**	292,057,136
Short term investments	7	**50,698,903**	119,520,628
Loans and advances		**90,594,100**	92,503,913
Deposits, prepayments and other receivables		**12,346,313**	8,704,636
Accrued interest		**32,573,832**	49,442,705
Cash and bank balances	8	**16,426,693**	21,420,657
		643,757,659	583,649,674
		687,051,406	635,980,670
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		**158,865,057**	147,316,381
Accumulated loss		**(94,759,308)**	(138,830,727)
Unrealized gain on re-measurement of available for sale investment to fair value - net		**27,363,246**	78,978,194
		605,804,575	601,799,428
Deficit on revaluation of investments - net of tax	9	**(1,945,406)**	(2,055,095)
Current liabilities			
Borrowings	10	**46,570,736**	-
Short term deposits		**7,700,000**	7,700,000
Accrued and other liabilities		**28,921,501**	28,536,337
		83,192,237	36,236,337
Contingencies and commitments	11		
		687,051,406	635,980,670

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

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CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Nine Months Ended		Quarter Ended	
		Sep 30 2017	Sep 30 2016	**Sep 30 2017**	Sep 30 2016
		<---------- *Rupees* ---------->			
Income					
Income on financing and placements		**37,436,008**	26,423,119	**14,365,245**	9,338,480
Return on investments		**604,246**	4,598,663	**120,037**	369,848
Gain on sale of shares		**1,748,226**	1,558,409	**-**	40,040
Profit on deposit with banks		**510,034**	104,205	**382,863**	18,831
Other income		**2,748,608**	906,037	**588,977**	477,036
		43,047,122	33,590,433	**15,457,122**	10,244,235
Expenditure					
Return on deposits and borrowings		**2,096,866**	1,048,595	**982,124**	483,712
Operating expenses		**28,030,715**	29,978,722	**9,285,521**	8,062,469
		30,127,581	31,027,317	**10,267,645**	8,546,181
Operating profit		**12,919,541**	2,563,116	**5,189,477**	1,698,054
Realized gain on remeasurement PSX shares transferred from unrealized gain		**51,614,948**	-	**-**	-
Profit before taxation		**64,534,489**	2,563,116	**5,189,477**	1,698,054
Taxation					
Deferred	12	**(7,623,050)**	-	**-**	-
Current		**(1,291,344)**	(553,925)	**-**	(285,468)
		(8,914,394)	(553,925)	**-**	(285,468)
Net profit after tax		**55,620,095**	2,009,191	**5,189,477**	1,412,586
Other Comprehensive Income					
Other comprehensive income		-	(284,122)	-	-
Total comprehensive income - net of tax		**55,620,095**	1,725,069	**5,189,477**	1,412,586
Earning per share - basic and diluted		**1.081**	0.039	**0.101**	0.027

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

KARIM MUHAMMAD MUNIR
DIRECTOR

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SIB SECURITY INVESTMENT BANK LTD.

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter ended Sep. 30,	
	2017	2016
	<---------- *Rupees* ---------->	
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before taxation	**12,919,541**	2,563,116
Adjustments for non-cash and other items		
Depreciation	**1,445,604**	1,465,529
Gain on disposal of shares	**(1,748,226)**	(1,558,409)
Gain on disposal of fixed assets	**(212,287)**	(2,999)
	(514,909)	(95,879)
Cash flows from operating activities before working capital changes	**12,404,632**	2,467,237
(Increase) / Decrease in operating assets		
(Increase) / Decrease in financing and placements	**(149,060,682)**	(48,461,140)
(Increase) / Decrease in loans and advances	**1,909,813**	(1,690,725)
Decrease in deposits, prepayment and other receivables	**(3,641,677)**	(390,202)
(increase) / Decrease in accrued interest	**16,868,873**	(10,408,055)
	(133,923,673)	(60,950,122)
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in short term deposits	**-**	2,629,405
Increase / (Decrease) in borrowings	**46,570,736**	-
Decrease in accrued and other liabilities	**385,164**	5,824,578
	46,955,900	8,453,983
Net changes in operating assets and liabilities	**(86,967,773)**	(52,496,139)
Income tax paid	**(125,100)**	(352,909)
Net cash used in operating activities	**(74,688,241)**	(50,381,811)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets - net	**(1,184,598)**	(2,343,302)
Sale of investments (shares)	**1,607,374**	10,219,333
Sale of securities	**67,324,040**	(278,227)
Net cash generated from investing activities	**67,746,816**	7,597,804
CASH FLOW FROM FINANCING ACTIVITIES	**1,947,461**	-
Net decrease in cash and cash equivalents	**(4,993,964)**	(42,784,007)
Cash and cash equivalents at the beginning of the period	**21,420,657**	51,986,367
Cash and cash equivalents at the end of the period	**16,426,693**	9,202,360

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	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 2016	514,335,580	145,543,127	(145,865,073)	-	514,013,634
Total comprehensive income for the period	-		1,725,069		1,725,069
Appropriations:					
Statutory reserves	-	62,497	(62,497)		-
Balance as at 30 Sep. 2016	514,335,580	145,605,624	(144,202,501)	-	515,738,703
Total comprehensive income for the year	-		7,082,531	78,978,194	86,060,725
Appropriations:					-
Statutory reserves	-	1,710,757	(1,710,757)		-
Balance as at 31 December 2016	514,335,580	147,316,381	(138,830,727)	78,978,194	601,799,428
Total comprehensive income for the period	**-**		**55,620,095**		**55,620,095**
Unrealized gain on re measurement of available of sale of investments to fair value				**(51,614,948)**	**(51,614,948)**
Appropriations:					**-**
Statutory reserves	**-**	**11,548,676**	**(11,548,676)**		**-**
Balance as at 30 Sep. 2017	**514,335,580**	**158,865,057**	**(94,759,308)**	**27,363,246**	**605,804,575**

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

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984
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CONSOLIDATED CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017

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).

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 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 December 31, 2016. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies 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, 2016.

4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.
Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated."

5 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2016.

		Sep 30, 2017	December 31, 2016
		(Un-audited)	(Audited)
		<---------- Rupees ----------->	
5	**OPERATING ASSETS**		
	Cost		
	As at January 01	**14,521,542**	16,256,917
	Addition	**1,613,079**	2,704,975
	Deletion	**(2,316,569)**	(4,440,350)
	As at June 30	**13,818,052**	14,521,542
	Less: Accumulated Depreciation		
	As at January 01	**3,822,838**	4,688,043
	Depreciation expenses	**1,445,604**	1,910,201
	Adjustment made	**(932,356)**	(2,775,406)
	As at June 30	**4,336,086**	3,822,838
		9,481,966	10,698,704

6 LONG TERM FINANCING

Murahaba Financing

Related Parties-Secured and considered good		
Murahaba finance -Associated Companies	**20,993,098**	29,642,147
-Others	**10,981,018**	7,727,021
Less: Deferred Murahaba income	**(2,645,481)**	(5,045,842)
Murahaba receivable	**29,328,635**	32,323,326
Less: Current maturity	**(13,509,906)**	(14,557,136)
	15,818,729	17,766,190

7 SHORT TERM INVESTMENT - AVAILABLE FOR SALE

Investment in PSX Shares	**44,862,684**	112,186,724
Term Finance Certificates	**5,836,219**	5,836,219
Quoted shares	**-**	1,497,685
	50,698,903	119,520,628

8 CASH AND BANK BALANCES

With State Bank of Pakistan in current account	**29,935**	97,197
With other banks in		
Current account	**2,368,599**	8,114,189
Deposit accounts	**13,997,909**	13,173,395
	16,366,508	21,287,584
Cash in hand	**30,250**	35,876
	16,426,693	21,420,657

9 DEFICIT ON REVALUATION OF INVESTMENT - NET OF TAX

Term Finance Certificates	**(1,945,463)**	(1,945,406)
Quoted shares	**-**	(109,689)
	(1,945,463)	(2,055,095)

10 BORROWINGS

Running Finance Facility	**46,570,736**	-

10.1 SIBL availing Running Finance facility from Summit Bank of Rs. 50.0 million prevailing rate of return 3 months KIBOR+4%

11 CONTINGENCIES AND COMMITMENTS

Guarantees issued on behalf of customers	**64,584,900**	64,584,900

12 DEFERRED TAX

Deferred taxation	**7,623,050**	-

Unused business losses pertaining to the TY-2010 was expired in the current financial year. Relevant portion pertaining to business losses of Rs. 7.605 million charged to P & L account and portion pertaining to depreciation loss remained the part of deferred tax assets till adjusted.

13 TRANSACTION WITH RELATED PARTIES

Related parties of SIBL comprise of companies with common directorship, retirement fund and directors. Detail of transactions / balances with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Sep. 30, 2017 (Un-audited)	December 31, 2016 (Audited)
BALANCES AS AT THE PERIOD END	<---------- *Rupees* ---------->	
Financing		
Balance at year end		
- Associated undertakings	**397,607,912**	292,057,136
- Others	**30,000,000**	-
Short term deposits		
Balance at year end		
- Associated undertakings	**-**	-
- Others	**7,700,000**	7,700,000
Un funded Guarantee		
- Associated undertakings	**14,584,900**	14,584,900
- Others	**50,000,000**	50,000,000

	Quarter ended Sep. 30, 2017	2016
	<---------- *Rupees* ---------->	
TRANSACTIONS DURING THE PERIOD		
Return on financing		
- Associated undertakings	**37,106,851**	24,830,290
- Others	**2,301,370**	-
Return on deposits		
- Associated undertakings	**-**	793,195
- Others	**-**	276,329
Contribution to staff retirement benefit plan	**342,662**	520,071

14 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 28, October 2017

15 GENERAL

Figures have been rounded off to the nearest rupee.

KARIM MUHAMMAD MUNIR
DIRECTOR

SHEIKH ASIM RAFIQ
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

At the time of the meeting of the Board of Directors, the Chief Executive was not in Pakistan, as such these financial statements, as approved by the Board of Directors, have been signed by two Directors.

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