

QUARTERLY REPORT

MARCH 31, 2020



SIB

SECURITY
INVESTMENT
BANK LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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. Muzaffar Ahmed Ghouri (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.
UBL Bank Limited.
Summit Bank Limited.

REGISTERED OFFICE

Office No. 1, 1st Floor, Junaid Plaza,
I-10 Markez, Islamabad.
Tel : (051) 4102920
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 directors of Security Investment Bank Limited (the Company) are pleased to present the Financial Statements of the Company for the first quarter ended 31 March 2020.

Corona virus hits Pakistan's already-strained economy, and its most vulnerable. Economies all over the world, including Pakistan, have come to a screeching halt. An economy that was only just recovering from an external crisis, now been dealt a body blow, whose impact is unimaginable. Today, the informal sector stands to lose the most, particularly the tens of millions of workers who rely on this cash-based sector to provide them with the bare-minimum income required to meet their daily needs. The impact of the virus and the severity of lockdowns on the overall economy may have a severe impact on economic performance parameters. The present government takes various measures to overcome the halted situation. To stabilize the wheel of economy SBP is in the process of taking regulatory measures to address pressure on cash flow of borrowers affected by corona virus related disruptions through facilitating deferment and restructuring of their loans.

SBP, Monetary Policy Committee (Committee) reviewed and noted considerable uncertainty due to outbreak of corona-virus, would impact in the global economy as well Pakistan too. The Committee issued policy statement on 24 March 2020, considered that growth and inflation in Pakistan is likely to be revised down further, accordingly the Committee has decided to cut the policy rate by a further 150 basis points to 11%, cumulative reduction in policy rate over past one week was 225 basis points.

During the quarter under review, the Pakistan Stock Exchange Ltd (KSE-100 index) registered drastic reduction 32% to 28,023 points as of 31 March 2020 compared to 40,887 points as of 31 December 2019, due to corona virus pandemic.

Alhamdulillah, your company posted operating profit before taxes of Rs. 6.806 million for the first quarter ended 31 March 2020 as compared to Rs. 9.011 million of the corresponding period. While recording of unrealized loss on re-measurement of investment classified as fair value of Rs. 38.783 million, it turndown into net loss after tax of Rs. 31.976 million. Your company's EPS is negative 0.622 as compared to Rs. 0.175 of the corresponding period. Income on financing drastically reduced by 124% to Rs. 9.353 million compared to the same period of last year, due to reason of dropping down outstanding balance of group financing.

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 thank untiring efforts of the Management and staff.

On behalf of the Board

Haji Jan Muhammad
Chairman
Karachi, 18 April 2020

ڈائریکٹر رپورٹ

سکیورٹی انویسٹمنٹ بینک لمیٹڈ (The Company) کے ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کے مالی دستاویزات پیش کرنے پر غوثی محسوس کرتے ہیں۔

کورونا نے پاکستانی معیشت کو نقصان پہنچایا ہے۔ جو کہ پہلے سے ہی خطرے سے دو چار تھی اس کو رونا سے ناصرف پاکستان بلکہ دنیا کی معیشتیں بل کر رہ گئیں ہیں۔ اس سے معیشت کو ناقابل برداشت انتظامی دھچکا لگا ہے جو کہ پہلے سے ہی بیرونی بحران سے نمٹ رہی تھی۔ آج غیر روايتی شعبہ سب سے زیادہ نقصان میں ہے خاص کر لاکھوں مزدور طبقہ جو کہ Cash Base سیکٹر پر انحصار کرتے ہیں تاکہ گھواپنی روزمرہ کی ضروریات کو پورا کرنے کیلئے درکار کم سے کم آمدنی فراہم کی جاسکے۔ معاشی کارکردگی کے پیرامیٹرز پر دوائسز و باکے اثرات اور Lock Down کی شدت کا شدید اثر ہو سکتا ہے۔ موجودہ حکومت نے صورتحال پر قابو پانے کیلئے شفاف اقدامات کیے ہیں۔ معیشت کے سپے کو مستحکم کرنے کیلئے SBP ان کے قرضوں کی التواء میں سہولت کاری اور تنظیم نو کی سہولت کے ذریعے کورونا وائرس سے متعلقہ رکاوٹوں سے متاثرہ قرض دہندگان کے Cash flow پر دباؤ کو دور کرنے کیلئے باقاعدہ اقدامات کرنے کے عمل میں ہیں۔

SBP مانیٹری پالیسی کمیٹی (Committee) نے کورونا وائرس کے پھیلنے کی وجہ سے غیر یقینی صورتحال کا جائزہ اور اس کا نوٹس لیا جس سے ناصرف پاکستان بلکہ عالمی معیشت پر بھی اثر پڑے گا۔ کمیٹی نے 24 مارچ 2020ء کو پالیسی بیان جاری کیا بلکہ اس پر غور بھی کیا ہے کہ پاکستان میں نمودار فراطر پر مزید نظر ثانی کی جاسکتی ہے۔ اس کے مطابق کمیٹی نے پالیسی شرح کو مزید 150 بنیادی پوائنٹس کی کمی کر کے 11 فیصد کرنے کا فیصلہ کیا ہے۔ پالیسی شرح میں مجموعی کی ایک ہفتے کے دوران 225 بنیادی پوائنٹس تھے۔

زیر نظر چوتھی سہ ماہی کے دوران پاکستان اسٹاک ایکسچینج لمیٹڈ (KESC 100 Index) میں کورونا وبا کی وجہ سے 31 مارچ 2020ء کو 32 فیصد سے 28.023 پوائنٹس کی کمی ریکارڈ کی گئی۔ جبکہ اس کے مقابلے میں یہ 31 دسمبر 2019ء کو 40,887 پوائنٹس تھی۔

الحمد للہ آپ کی کمپنی نے پہلی سہ ماہی 31 مارچ 2020ء تک 6.806 ملین Operating Profit بنایا جو کہ پچھلے سال اسی سہ ماہی کے مقابلے میں 9.011 ملین تھا جبکہ Remeasurement of Investment پر غیر حقیقی نقصان کی وجہ بندی 38.783 ملین کی گئی جو کہ ٹیکس کے بعد 31.976 ملین خالص نقصان ہے۔ آپ کی کمپنی کا EPS حقیقی 0.622 ہے جو کہ پچھلے سال اسی سہ ماہی میں 0.175 تھا۔ Income on Financing پر ہونے والی آمدنی 124 فیصد کمی سے 9.353 ملین روپے ہے پچھلے سال کے اسی سہ ماہی کے مقابلے میں۔ اس میں کمی کی وجہ Group Financing کے پیلس کام ہوتا ہے۔

بورڈ، پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مسلسل معاونت اور رہنمائی ملنے سے ان کا شکریہ ادا کرتا ہے اور بورڈ، انتظامیہ اور عملے کی انتھک کوششوں کا اعتراف کرتے ہوئے ان کا شکریہ ادا کرتا ہے۔

برائے اور از طرف بورڈ آف ڈائریکٹر

حاجی جان محمد

چیئر مین

کراچی 18 اپریل 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 MARCH 2020

	Note	Unaudited March 31 2020	Audited December 31 2019
Rupees			
Assets			
Non-current assets			
Property, Plant and equipment	5	158,183,962	158,654,100
Intangible Assets	6	3,275,837	3,353,336
Long term investments	7	45,941,799	45,941,799
Long term financing	8	5,812,618	7,567,047
Long term advances		2,500,000	2,500,000
Current assets			
Short term financing	9	244,218,722	242,654,793
Short term investments	10	250,814,756	288,064,541
Loans and advances		1,377,000	1,479,000
Deposits, prepayments and other receivables		7,003,976	3,510,029
Accrued interest		14,994,797	9,613,068
Tax refund due from Government		68,385,935	67,623,955
Cash and bank balances	11	4,555,158	8,033,947
		<u>591,350,344</u>	<u>620,979,333</u>
		<u>807,064,560</u>	<u>838,995,615</u>
Equity and liabilities			
Share capital and reserves			
Authorised capital			
100,000,000 ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital		514,335,580	514,335,580
Statutory reserves		170,798,844	170,798,844
Unappropriated loss		(78,424,140)	(46,447,221)
		<u>606,710,283</u>	<u>638,687,203</u>
Non Current Liabilities			
Deferred tax liabilities - net		<u>980,476</u>	<u>980,476</u>
		<u>980,476</u>	<u>980,476</u>
Current liabilities			
Sub ordinate loan	12	180,000,000	180,000,000
Unclaim Dividend		2,090,749	2,094,583
Accrued and other liabilities		17,283,052	17,233,353
		<u>199,373,801</u>	<u>199,327,936</u>
Contingencies	13	-	-
		<u>807,064,560</u>	<u>838,995,615</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

**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	March 31 2020	March 31 2019
	Rupees	
Income		
Income on financing and placements	7,566,486	16,919,622
Return on investments	5,130,141	1,506,353
Gain on sale of investments	1,267,100	-
Profit on deposit with banks	100,905	102,227
Other income	194,936	261,321
	14,259,568	18,789,523
Expenditure		
Financial charges	-	2,889,369
Administrative expenses	7,452,757	6,888,271
	7,452,757	9,777,640
Operating Profit before tax	6,806,811	9,011,883
Unrealized gain/(loss) on remeasurement of investments classified as fair value through profit or loss	(38,783,731)	-
Taxation		-
Net loss/(profit) after tax	(31,976,920)	9,011,883
Earning per share - basic and diluted	(0.622)	0.175

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

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CFO

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CHIEF EXECUTIVE

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CHAIRMAN

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

	March 31 2020	March 31 2019
	Rupees	
Net loss/(profit) after tax	(31,976,920)	9,011,883
Other comprehensive income for the period		
Surplus / deficit on revaluation of investments - net of tax	-	6,432,357
Total comprehensive loss/(profit) for the period	<u>(31,976,920)</u>	<u>15,444,240</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

UNCONSOLIDATED CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2020

Note	March 31 2020	March 31 2019
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Operating loss/ (Profit) before taxation	6,806,811	9,011,883
Adjustments for non cash and other items		
Depreciation	490,136	580,489
Gain on disposal of fixed assets	8,998	-
Unrealized gain/loss on remeasurement of investment classified as fair value charged to profit and loss account	38,783,731	-
Gain on disposal of shares	(1,267,100)	-
	38,015,765	580,489
Cash flows from operating activities before working capital changes	44,822,576	9,592,372
(Increase) / Decrease in operating assets		
(Increase) / Decrease in financing and placements	(1,563,929)	80,948,819
Decrease / (Increase) in advances, deposits, prepayment and other receivables	(8,773,676)	(610,136)
	(10,337,605)	80,338,683
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in Short term borrowings	-	(2,759,096)
(Decrease) / Increase in accrued and other liabilities	45,865	3,614,449
	45,865	855,353
Net changes in operating assets and liabilities	(10,291,740)	81,194,036
Income tax paid	(761,980)	-
Net cash used in operating activities	33,768,856	90,786,408
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets net	(11,000)	-
Deletion in intangible assets	77,499	-
Investment in government securities	(7,500,000)	-
Investments in quoted shares (adjustment) - net	(31,568,573)	(91,963,747)
Net cash flow from investing activities	(39,002,074)	(91,963,747)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Financing	1,754,429	169,154
Net (decrease) in cash and cash equivalents	(3,478,789)	(1,008,185)
Cash and cash equivalents at the beginning of the period	8,033,947	9,455,215
Cash and cash equivalents at the end of the period	4,555,158	8,447,030

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 CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2020

	Share capital	Statutory reserve	Unappropriated profit	Unrealized gain on re measurement of available of sale of investments to fair value	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2019	514,335,580	162,897,175	(78,053,895)	(287,166)	598,891,694
Net Profit for the quarter	-	-	9,011,883	6,432,357	15,444,240
Transfer to Statutory Reserves	-	1,802,377	(1,802,377)	-	-
Balance as at 31 March 2019	514,335,580	164,699,552	(70,844,389)	6,145,191	614,335,934
Net Profit for the year	-	-	30,496,460	(6,145,191)	24,351,269
Statutory Reserves	-	6,099,292	(6,099,292)	-	-
Balance as at 31 December 2019	514,335,580	170,798,844	(46,447,221)	-	638,687,203
Net loss/(Profit) for the quarter	-	-	(31,976,920)	-	(31,976,920)
Transfer to Statutory Reserves	-	-	-	-	-
Balance as at 31 March 2020	514,335,580	170,798,844	(78,424,140)	-	606,710,283

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 FIRST QUARTER ENDED 31 MARCH 2020

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(I)/87 dated July 13, 1987, issued by the Ministry of Finance). The license is valid until May 29, 2019.

During the year, the bank has not renewed its credit rating, 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) 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'.

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, title of shares of PSX and 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 till the date of unconsolidated statement of financial position.

Rahat Aziz, an advocate of High Court, had file an application on instruction of Security Capital & Investment (Private) Limited for striking off the name of the Company from the Register of Companies under Companies Easy Exit Scheme (CEES). And on 15 January 2020, via Letter No. CEER/MISC/1-1/2020 of Securities and Exchange Commission Of Pakistan, pursuant to the provisions of sub section (1) of section 426 of the Companies Act, 2017 (the Act) read with Companies (Easy Exit) Regulations, 2014 (the Regulations), same has been accepted and dissolution letter will be issued to the company after publication of company name under sub section 426(3) of the Companies Act, 2017

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 unconsolidated 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 2019. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 245 of the Companies Act, 2017 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 December 31, 2019.

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 December 31, 2019.

	Un-audited 31-Mar-2020 Rupees	Audited 31-Dec-2019 Rupees
5 Operating Assets Cost		
Opening balance	166,827,759	46,195,275
Addition	20,000	121,600,347
Deletion	(77,400)	(967,863)
	166,770,359	166,827,759
Less: Accumulated Depreciation		
Opening balance	8,173,659	6,290,864
Adjustment	(77,398)	(357,701)
For the period	490,136	2,240,496
	8,586,397	8,173,659
Net Operating Assets	158,183,962	158,654,100

	Un-audited 31-Mar-2020 Rupees	Audited 31-Dec-2019 Rupees
6 Intangible Assets		
Corporate membership of the PMEX	2,500,000	2,500,000
NBFC License	520,837	583,336
DHA Membership	255,000	270,000
	3,275,837	3,353,336

7 Long term investments		
Investment- Subsidiary		
5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each	7.1	
	45,941,799	45,941,799
	45,941,799	45,941,799

7.1 This represents investment in wholly owned subsidiary of the Company as detailed in note 1 to this unconsolidated financial statements. Break up value per share on 31 December 2019 is Rs. 9.188 (2018: Rs. 14.39). An impairment loss of Rs. 4.058 million has been recognised during the year in profit and loss account.

8 Long term Financing		
Related Parties-Secured and considered good		
Associated Companies	-	-
Others	12,344,041	12,979,298
Less: Deferred income	(948,624)	(1,393,381)
Long term financing receivable	11,395,417	11,585,917
Less: Current maturity	(5,582,799)	(4,018,870)
	5,812,618	7,567,047

9 Short term financing- secured and considered good		
Associated companies	9.1	
	238,635,923	238,635,923
Current maturity under Murahaba Finance	5,582,799	4,018,870
	244,218,722	242,654,793

- 9.1** Non-compliance with Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations)
- 9.1.1** During the year 2018, the Commission carried out the inspection and directed the Company to provide comments on violation of above stated Regulation 19(h), 17(1), 17(2), 18A and Regulation 23 of the Regulations vide letter SCD/S&ED-IW/SIBL/2018/324, dated July 02, 2018.
- 9.1.2** Furthermore, SECP vide its letter No. SCD-S&ED-IW/SIBL/2018/29 dated August 20, 2018 instructed the Company to provide detailed plan/schedule of repayments against all financing extended by the Company. The Company in response to the said letter has submitted the required repayment plan/schedule vide its letter dated September 3, 2018.
- 9.1.3** During the year, the Company has adjusted its portfolio of financing on the basis of repayment schedule shared with and confirmed by SECP through letter October 17, 2018.
- 9.1.4** Moreover, in addition to report dated July 2, 2018, SECP vide its letter No. SCD-S&ED/OW-II/SIBL/Khi/2018/26 dated October 17, 2018 highlighted specific observations which requires immediate attention. In response to this, the Company vide its letter dated October 30, 2018 gave assurance to SECP that management is using all the best possible efforts to settle all financing in compliance with the Regulations with reference to the undertaking already submitted dated July 30, 2018
- 9.1.5** Further, the Company submitted an application vide its letter Ref. 2020-010002 dated January 13, 2020 to SECP for extension of group loan/financing for the term of 2 years, which was not acceded by the Regulator vide its letter No. SC/NBFC- 42/SIBL/2019/42 dated February 06, 2020. Therefore, the Company decided to adjust the entire amount of subordinated loan against the outstanding amount of group financing as on December 31, 2019 through Circular Resolution of the Board dated February 14, 2020. The said Resolution was submitted to the SECP vide letter Ref. 2020-010010-MS dated February 18, 2020, granting permission from the Regulator, which is still in pending.

	Un-audited 31-Mar-2020 Rupees	Audited 31-Dec-2019 Rupees
10 Short term investment		
Held to maturity		
Market Treasury Bills	32,500,000	25,000,000
Available for sale		
Term Finance Certificate	5,836,219	5,836,219
Quoted Shares	212,478,537	257,228,322
	<u>250,814,756</u>	<u>288,064,541</u>
11 Cash and bank balances		
With State Bank of Pakistan in Current account	5,419	5,419
With other banks in		
Current account	1,876,162	1,825,147
Deposit accounts	2,613,416	6,155,583
	4,489,578	7,980,730
Cash in hand	60,161	47,798
	<u>4,555,158</u>	<u>8,033,947</u>
12 Sub ordinate Loan		
Subordinated loan	12.1 180,000,000	180,000,000

- 12.1.1** 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 year, 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.
- 12.1.2** 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. The principal amount and interest thereon will be repayable at the maturity of the loan i.e. April 10, 2021.
- 12.1.3** On July 31, 2019, the Company obtained consent from Sponsor Directors to waive the interest accrued on subordinated loan till June 30, 2019. Further, on August 26, 2019, the Board of Directors passed a resolution for waiver of interest on subordinated loan till its maturity.
- 12.1.4** Further, the Company submitted an application vide its letter Ref. 2020-010002 dated January 13, 2020 to SECP for extension of group loan/financing for the term of 2 years, which was not acceded by the Regulator vide its letter No. SC/NBFC- 42/SIBL/2019/42 dated February 06, 2020. Therefore, the Company decided to adjust the entire amount of subordinated loan against the outstanding amount of group financing as on December 31, 2019 through Circular Resolution of the Board dated February 14, 2020. The said Resolution was submitted to the SECP vide letter Ref. 2020-010010-MS dated February 18, 2020, granting permission from the Regulator, which is still in pending

13 Contingencies

Guarantees issued on behalf of customers

-Associated undertaking

- -

14 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 period related to Financing and PF contributions are as follows:

	Un-audited 31-Mar-2020 Rupees	Audited 31-Dec-2019 Rupees
Financing		
- Associated undertaking	238,635,923	238,635,923
Return on financing		
- Associated undertaking	7,101,927	16,709,499
- Others	139,614	210,123
Contribution to staff retirement benefit plan	79,130	110,895

15 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on April 18, 2020.

16 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 31 March, 2020

CONSOLIDATED CONDENSED INTERIM FINANCIAL POSITION (UNAUDITED) AS AT 31 MARCH 2020

	Note	March 31, 2020	Dec. 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Rupees			
Property, Plant and equipment		158,183,962	158,654,100
Intangible Assets		3,275,837	3,353,336
Long term financing		5,812,618	7,567,047
Long term advances, deposits and prepayments		2,500,000	2,500,000
		169,772,417	172,074,483
CURRENT ASSETS			
Short term financing		244,218,722	242,654,793
Short term Investments		250,814,756	288,064,541
Loan and advances		1,377,000	1,479,000
Deposits, prepayments and other receivable		7,003,976	3,510,029
Accrued interest		14,994,797	9,613,068
Tax refund due from Government		68,385,935	67,623,955
Cash and bank balances	7	4,555,158	8,033,947
		591,350,344	620,979,333
Non current assets held for distribution		24,915,582	31,941,238
		786,038,343	824,995,054
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		170,798,844	171,610,484
Accumulated losses		(85,449,796)	(47,258,860)
		599,684,628	638,687,204
NON CURRENT LIABILITIES			
Deferred liabilities		980,476	980,476
CURRENT LIABILITIES			
Subordinated Loan		180,000,000	180,000,000
Unclaim Dividend		2,090,749	2,094,583
Accrued and other liabilities		3,282,490	3,232,791
		185,373,239	185,327,374
Contingencies and commitments		-	-
		786,038,343	824,995,054

The annexed notes form an integral part of these condensed interim consolidated 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 THREE MONTHS ENDED 31 MARCH 2020**

	Quarter Ended	
	March 31, 2020	March 31, 2019
	Rupees	
INCOME		
Income on financing and placements	7,566,486	16,919,622
Return on Investments	5,130,141	1,506,353
Gain on sale of shares	1,267,100	-
Profit on deposit with banks	491,105	311,327
Other income	194,936	261,321
	14,649,768	18,998,623
EXPENDITURE		
Return on deposits and borrowings	-	2,889,369
Operating expenses	7,527,089	6,927,459
	7,527,089	9,816,828
Operating Profit before tax	7,122,679	9,181,795
Reclassification of unrealized gain to P & L	(46,125,254)	-
Taxation	-	-
PROFIT AFTER TAXATION	(39,002,575)	9,181,795
EARNINGS PER SHARE- BASIC AND DILUTED	(0.7583)	0.1785

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

**CONSOLIDATED CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

	Quarter Ended	
	March 31, 2020	March 31, 2019
	Rupees	
Net profit after tax	(39,002,575)	9,181,795
Surplus / deficit on revaluation of investments - net of tax	-	10,984,744
Total comprehensive income for the period	<u>(39,002,575)</u>	<u>20,166,539</u>

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Quarter Ended	
	March 31, 2020	March 31, 2019
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (Loss)/ Profit before taxation	7,122,679	9,181,795
Adjustment for non cash and other items		
Depreciation	492,968	590,007
Gain on disposal of fixed assets	8,998	-
Unrealized gain/loss on remeasurement of investment classified as fair value charged to profit and loss account	46,125,254	-
Gain on disposal of shares	(1,267,100)	-
	45,360,120	590,007
Cash flows from operating activities before working capital changes	52,482,799	9,771,802
Decrease / (Increase) in operating assets		
(increase) in financing and placements	(1,563,929)	80,948,819
(Increase) in advances, deposits, prepayment and other receivables	(9,535,656)	(622,020)
	(11,099,585)	80,326,799
(Decrease) / Increase in operating liabilities		
Increase / (Decrease) in borrowings	-	(2,759,096)
Increase in accrued and other liabilities	45,865	3,629,318
	45,865	870,222
	(11,053,720)	81,197,021
Income tax paid	(761,980)	-
Net cash flow from operating activities	40,667,099	90,968,823
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets net	(11,000)	-
Deletion in intangible assets	77,499	(91,963,747)
Investment in government securities	(7,500,000)	-
Investments in quoted shares (adjustment) - net	(38,466,816)	-
Net cash flow from investing activities	(45,900,317)	(91,963,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	1,754,429	169,154
Net Increase/ (decrease) in cash and cash equivalents	(3,478,789)	(825,770)
Cash and cash equivalents at the beginning of the period	8,033,947	19,663,073
Cash and cash equivalents at the end of the period	4,555,158	18,837,303

The annexed notes form an integral part of these condensed interim consolidated 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 THREE MONTHS ENDED 31 MARCH 2020

	Share Capital	Statutory Reserve	Accumulated losses	Unrealized gain on re measurement of available of sale of investments to fair value	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2019	514,335,580	162,897,175	(80,882,642)	3,965,468	600,315,581
Net profit for the period	-	-	9,181,795	10,984,744	20,166,539
Transfer to Statutory Reserve	-	1,802,377	(1,802,377)	-	-
Balance as at 31 March , 2019	514,335,580	164,699,552	(73,503,224)	14,950,212	620,482,120
Net profit for the year	-	-	33,155,295	-	33,155,295
Reclassification of unrealized gain to P & L	-	-	-	(14,950,212)	(14,950,212)
Transfer to Statutory Reserve	-	6,099,292	(6,099,292)	-	-
Balance as at 31 December , 2019	514,335,580	170,798,844	(46,447,221)	-	638,687,203
Net profit for the period	-	-	(39,002,575)	-	(39,002,575)
Reclassification of unrealized gain to P & L	-	-	-	-	-
Balance as at 31 March, 2020	514,335,580	170,798,844	(85,449,796)	-	599,684,628

The annexed notes form an integral part of these condensed interim consolidated 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 THREE MONTHS ENDED 31 MARCH 2020

1. STATUS AND PRINCIPAL ACTIVITIES

- 1.1** The group consist of Security Investment Bank Limited (the holding company) and Security Capital & Investment (Private) Limited (the subsidiary company).
- 1.2** 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.

- 1.3** 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.
- 1.4** Rahat Aziz, an advocate of High Court, had file an application on instruction of Security Capital & Investment (Private) Limited for striking off the name of the Holding Company from the Register of Companies under Companies Easy Exit Scheme (CEES). And on 15 January 2020, via Letter No. CEER/MISC/1-1/2020 of Securities and Exchange Commission Of Pakistan, pursuant to the provisions of sub section (1) of section 426 of the Companies Act, 2017 (the Act) read with Companies (Easy Exit) Regulations, 2014 (the Regulations), same has been accepted and dissolution letter will be issued to the company after publication of company name under sub section 426(3) of the Companies Act, 2017

2. BASIS OF PREPARATION

2.1 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.

- 3** 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, 2019.

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

4 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, 2019.

5 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.

6 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, 2019.

	Un-audited 31-Mar-2020 Rupees	Audited 31-Dec-2019 Rupees
7 CASH AND BANK BALANCES		
With State Bank of Pakistan in Current account	5,419	5,419
With other Banks in		
Current account	1,876,162	1,825,147
Deposit accounts	2,613,416	6,155,583
	4,489,578	7,980,730
Cash in hand	60,161	47,798
	4,555,158	8,033,947

8 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on April 18, 2020.

9 GENERAL

Figures have been rounded off to the nearest rupee.

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN



SIB

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