SIB | SECURITY INVESTMENT BANK LTD.

# QUARTERLY REPORT

## SEPTEMBER 30, 2021

# COMPANY 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. Faisal Zahid

**PRESIDENT & CHIEF EXECUTIVE**

Mr. Zafar .M. Sheikh

**AUDIT COMMITTEE**

Mr. Shaikh Abdullah (Chairman)
Haji Jan Muhammad
Mr. Karim Muhammad Munir
Mr. Faisal Zahid

**HUMAN RESOURCE AND REMUNIRATION COMMITTEE**

Mr. Faisal Zahid (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
Mr. Faisal Zahid

**Chief Financial Officer**
Mr. Shakeel Ahmed

**AUDITORS**

Bakers Tilly Mehmood Idrees Qamar,
Chartered Accountants

**TAX ADVISORS**

Grant Thoranton Anjum Rahman
Chartered Accountants

**LEGAL ADVISORS**

Rehan Kayani (Barrister at Law)

**SHARE REGISTRAR**

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

**BANKERS**

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

**REGISTERED OFFICE**

Suite 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 Board of Directors of **Security Investment Bank Limited** (SIB) are pleased to present the financial statement of the Company for the quarter ended 30 September 2021.

**Economic Overview**

Pakistan's economy is facing challenges: internationally, it is facing soaring prices of essential commodities; regionally, it is grappling with the economic and financial fallout of an extremely volatile situation in Afghanistan; and domestically, it is trying to come to grips with a falling rupee value and the lack of resources to keep the prices of utilities and oil in check.

The fiscal deficit in terms of GDP contained at 0.4 percent (Rs 237.8 billion) in July FY2022 against 0.5 percent (Rs 211.6 billion) in the comparable period of last year.

The Current Account posted a deficit of $ 2.3 billion (4.1 percent of GDP) for Jul-Aug FY2022 as against a surplus of $ 838 million (1.8 percent of GDP) last year.

The Monetary Policy Committee (MPC) keeping the view of overall economic situation decided to raise the policy rate by 25 basis points to 7.25 percent, in last Monetary Policy decision announced as on 20th September, 2021.

During the quarter under review, the Pakistan Stock Exchange Ltd (KSE-100 index) registered decreased 6.27% to 44,366 points as of 30 September 2021 compared to 47,336 points as of 30 June 2021.

However, the government is taking all possible measures to control inflationary pressures and provide relief to the masses in order to mitigate the impact of price hike. The government's pro-growth initiatives, as well as the building of strategic reserves, particularly in the food sector, will help the domestic economy by ensuring adequate supply. Further, measures taken by the government to enhance exports and ongoing workers' remittances performance will definitely mitigate associated risks.

**Operating Results**

Alhamdulillah, your company posted profit from its operation Rs. 38 million and incurred unrealized gain on re-measurement of investment Rs. 3 million, combining operating profit before taxes of Rs. 41 million for the quarter ended 30 September 2021 as compared to Rs. 69 million of the corresponding period. Your Company's EPS Rs. 0.705 as compared to Rs. 1.327 of the corresponding period.

**Acknowledgement**

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, 27 October 2021

# ڈائیکٹر رپورٹ

سیکیورٹی انویسٹمنٹ بینک لمیٹڈ (ایس آئی بی) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی تیسری سہ ماہی کے لئے کمپنی کا مالی بیان پیش کرنے پر خوش ہیں۔

معاشی جائزہ:۔

پاکستان کی معیشت کو چیلنجز کا سامنا ہے: بین الاقوامی سطح پر اسے ضروری اشیاء کی بڑھتی قیمتوں کا سامنا ہے۔ علاقائی طور پر یہ افغانستان میں انتہائی غیر مستحکم صورتحال کے معاشی اور مالی نقصان سے دوچار ہے۔ اور مقامی طور پر یہ کوشش کر رہی ہے کہ گرتی ہوئی روپیہ کی قیمت اور وسائل کی کمی کے ساتھ افادیت اور تیل کی قیمتوں کو برقرار رکھا جا سکے۔

جولائی مالی سال 2022 میں جی ڈی پی کے لحاظ سے مالی خسارہ 0.4 فیصد (237.8 بلین روپے) تھا جو گذشتہ سال کی تقابلی مدت میں 0.5 فیصد (211.6 بلین روپے) تھا۔

کرنٹ اکاؤنٹ میں جولائی اگست مالی سال 2022 کے لئے 2.3 بلین ڈالر (جی ڈی پی کا 4.1 فیصد) کا خسارہ تھا جبکہ پچھلے سال 838 ملین ڈالر (جی ڈی پی کا 1.8 فیصد) کی اضافی رقم تھی۔

مانیٹری پالیسی کمیٹی (ایم پی سی) نے مجموعی معاشی صورتحال کو مدنظر رکھتے ہوئے 20 ستمبر 2021 کو اعلان کردہ آخری مانیٹری پالیسی کے فیصلے میں پالیسی کی شرح کو 25 بیسس پوائنٹس بڑھا کر 7.25 فیصد کرنے کا فیصلہ کیا۔

زیر جائزہ سہ ماہی کے دوران پاکستان اسٹاک ایکسچینج لمیٹڈ (کے ایس ای 100 انڈکس) 30 ستمبر 2021 تک 6.27 فیصد کم ہو کر 44,366 پوائنٹس پر آ گیا جبکہ 30 جون 2021 تک یہ 47,336 پوائنٹس کے مقابلے میں ہے۔

تاہم، حکومت افراط زر کے دباؤ پر قابو پانے اور عوام کو امداد فراہم کرنے کے لئے ہر ممکن اقدامات کر رہی ہے تاکہ قیمتوں میں اضافے کے اثرات کو کم کیا جا سکے۔ حکومت کے ترقی کے حامی اقدامات کے ساتھ ساتھ اسٹریٹیجک ذخائر کی تعمیر خاص طور پر فوڈ سیکٹر میں مناسب فراہمی کو یقینی بناتے ہوئے ملکی معیشت میں مدد ملے گی۔ مزید یہ کہ برآمدات اور جاری کارکنوں کی ترسیلات زر کی کارکردگی کو بڑھانے کے لئے حکومت کی جانب سے اٹھائے گئے اقدامات یقینی طور پر وابستہ خطرات کو کم کریں گے۔

آپریٹنگ نتائج:۔

الحمداللہ آپ کی کمپنی نے اپنے آپریشن سے منافع 38 ملین پوسٹ کیا اور سرمایہ کاری کی دوبارہ پیمائش پر غیر حقیقی فائدہ 3 ملین روپے حاصل کیا۔ ٹیکس سے پہلے آپریٹنگ منافع کو ملا کر 30 ستمبر 2021 کو ختم ہونے والی 9 ماہ کے لئے 41 ملین روپے کے مقابلے میں اسی مدت کے 69 ملین روپے، آپ کی کمپنی کا EPS 0.705 روپے کے مقابلے میں اسی مدت کا 1.327 ہے۔

اعتراف:۔

بورڈ پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ان کی مستقل قدر کی حمایت، مدد اور رہنمائی کے لئے شکریہ ادا کرنا چاہتا ہے۔ بورڈ انتظامیہ اور عملے کی انتھک کوششوں کا بھی شکریہ ادا کرنا چاہے گا۔

بورڈ کی جانب:

حاجی جان محمد

چیئرمین

کراچی 27 اکتوبر 2021

# UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2021

| | Note | Sep 30 2021 (Un-audited) | Dec 31 2020 (Audited) |
|---|---|---|---|
| | | ---------------- Rupees ---------------- | |
| **Non - Current Assets** | | | |
| Property, plant and equipment | 5 | **155,680,067** | 156,727,396 |
| Intangible assets | 6 | **2,810,843** | 3,043,340 |
| Long term investments | 7 | **-** | 45,941,799 |
| Long term financing | 8 | **4,339,589** | 5,017,015 |
| Long term loans and advances | 9 | **2,500,000** | 2,500,000 |
| Deferred tax asset - net | | **941,809** | 941,809 |
| | | **166,272,308** | 214,171,359 |
| **Current Assets** | | | |
| Short term financing | 10 | **59,840,154** | 53,968,338 |
| Short term investments | 11 | **449,978,839** | 391,990,545 |
| Loans and advances | 12 | **1,244,547** | 1,030,957 |
| Deposits, prepayments and other receivables | | **2,981,259** | 8,065,351 |
| Accrued interest | | **639,764** | 2,903,489 |
| Tax refund due from Government | 13 | **65,143,250** | 55,843,850 |
| Cash and bank balances | 14 | **11,728,947** | 7,293,874 |
| | | **591,556,760** | 521,096,404 |
| | | **757,829,068** | 735,267,763 |
| **EQUITY AND LIABILITIES** | | | |
| **Share Capital and Reserves** | | | |
| **Authorised Share 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 | | **193,510,879** | 186,259,883 |
| Accumulated profit | | **44,400,916** | 15,396,933 |
| | | **752,247,376** | 715,992,396 |
| **Non-Current Liabilities** | | | |
| **Current Liabilities** | | | |
| Unclaimed dividend | | **2,090,749** | 2,090,749 |
| Accrued and other liabilities | | **3,490,944** | 17,184,618 |
| | | **5,581,693** | 19,275,367 |
| **Contingencies and commitments** | | | |
| | | **757,829,068** | 735,267,763 |

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

**Statement udner section 232 (1) of the Companies Act, 2017**
At the time of the meeting of the board of directors, the Chief Executive Officer was not in Pakistan, as such these financial statements, as approved by the BOD, have been signed by two directors

| SHAKEEL AHMED | MUHAMMAD SHOAIB | HAJI JAN MOHAMMAD |
|---|---|---|
| CFO | DIRECTOR | CHAIRMAN/DIRECTOR |

# UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2021

| | Nine months Ended | | Quarter Ended | |
|---|---|---|---|---|
| | **Sep 2021** | Sep 2020 | **Sep 2021** | Sep 2020 |
| **Income** | | | | |
| Income on financing and placements | **6,153,523** | 9,531,356 | **2,186,954** | 405,333 |
| Return on investments | **9,487,999** | 7,576,029 | **6,116,983** | (1,110,168) |
| Gain/ (Loss) on sale of shares | **46,268,143** | 20,326,679 | **11,316,660** | 14,637,704 |
| Profit on deposit with banks | **403,934** | 431,641 | **94,018** | 194,729 |
| Other income | **1,040,493** | 787,027 | **581,612** | 430,742 |
| | **63,354,092** | 38,652,732 | **20,296,227** | 14,558,340 |
| **Expenditure** | | | | |
| Operating expenses | **24,917,993** | 23,785,113 | **8,859,177** | 7,822,709 |
| | **24,917,993** | 23,785,113 | **8,859,177** | 7,822,709 |
| **Operating (loss)/profit before tax** | **38,436,099** | 14,867,619 | **11,437,050** | 6,735,631 |
| Unrealized (loss)/gain on remeasurement of investments classified as fair value through profit or loss | **2,762,233** | 54,182,293 | **(28,613,684)** | 72,026,731 |
| **(Loss)/profit before taxation** | **41,198,332** | 69,049,912 | **(17,176,634)** | 78,762,362 |
| **Taxation** | | | | |
| Deferred | - | - | - | - |
| Current | **(4,943,353)** | (800,339) | - | |
| | **(4,943,353)** | (800,339) | - | - |
| **Net (loss)/profit after tax** | **36,254,979** | 68,249,573 | **(17,176,634)** | 78,762,362 |
| **(Loss)/earning per share - basic and diluted** | **0.705** | 1.327 | **(0.334)** | 1.531 |

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| SHAKEEL AHMED | MUHAMMAD SHOAIB | HAJI JAN MOHAMMAD |
|---|---|---|
| CFO | DIRECTOR | CHAIRMAN/DIRECTOR |

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2021

| | Nine months Ended | | Quarter Ended | |
|---|---|---|---|---|
| | **Sep 2021** | Sep 2020 | **Sep 2021** | Sep 2020 |
| **Net (loss)/profit after tax** | **36,254,979** | 68,249,573 | **(17,176,634)** | 78,762,362 |
| **Other Comprehensive loss for the period** | | | | |
| Deficit on revaluation of investments - net of tax | - | - | - | - |
| **Total comprehensive (loss)/income** | **36,254,979** | 68,249,573 | **(17,176,634)** | 78,762,362 |

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

**Statement udner section 232 (1) of the Companies Act, 2017**
At the time of the meeting of the board of directors, the Chief Executive Officer was not in Pakistan, as such these financial statements, as approved by the BOD, have been signed by two directors

| SHAKEEL AHMED | MUHAMMAD SHOAIB | HAJI JAN MOHAMMAD |
|---|---|---|
| CFO | DIRECTOR | CHAIRMAN/DIRECTOR |

# UNCONSOLIDATED
# CONDENSED CASH FLOW STATEMENT (UNAUDITED)
# FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2021

| | Sep 2021 | Sep 2020 |
|---|---|---|
| | ---------------- Rupees ---------------- | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Operating profit before taxation | **38,436,099** | 14,867,619 |
| **Adjustments for non-cash and other items** | | |
| Depreciation | **1,359,598** | 1,462,781 |
| Amortization | **232,497** | 232,497 |
| Gain on disposal of shares | **(40,852,078)** | (20,326,679) |
| Gain on disposal of fixed assets | **(84,071)** | - |
| | **(39,344,054)** | (18,631,401) |
| **Cash flows from operating activities before working capital changes** | **(907,955)** | (3,763,782) |
| (Increase) / Decrease in operating assets | | |
| Financing and placements | **(5,871,816)** | 190,284,138 |
| Loans and advances | **(213,590)** | 326,243 |
| Deposits, prepayment and other receivables | **5,084,092** | 2,442,591 |
| Accrued interest | **2,263,725** | 6,387,209 |
| | **1,262,410** | 199,440,181 |
| **Increase / (Decrease) in operating liabilities** | | |
| Subordinated loan | **-** | - |
| Borrowings | **-** | - |
| Accrued and other liabilities | **(13,693,674)** | (2,350,868) |
| | **(13,693,674)** | (2,350,868) |
| **Net changes in operating assets and liabilities** | **(12,431,264)** | 197,089,313 |
| Income tax paid | **(14,242,753)** | (1,821,267) |
| **Net cash inflow from operating activities** | **(27,581,972)** | 191,504,264 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Long term Investment | **45,941,799** | - |
| Purchase of fixed assets - net | **(151,954)** | (36,500) |
| Additions in intangible assets | **-** | - |
| Sale of Investment in TFC | **5,836,219** | - |
| Sale proceeds of quoted shares | **193,688,035** | 112,513,625 |
| Investments in quoted shares | **(53,974,480)** | (90,376,574) |
| Sale of Government securities | **(160,000,000)** | (31,000,000) |
| Long term financing | **677,426** | 1,496,065 |
| Net cash used in investing activities | **32,017,045** | (7,403,384) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Subordinated loan | **-** | (180,000,000) |
| **Net cash used in financing activities** | **-** | (180,000,000) |
| **Net increase in cash and cash equivalents** | **4,435,073** | 4,100,880 |
| Cash and cash equivalents at the beginning of the period | **7,293,874** | 8,033,947 |
| **Cash and cash equivalents at the end of the period** | **11,728,947** | 12,134,827 |

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

**Statement udner section 232 (1) of the Companies Act, 2017**
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| SHAKEEL AHMED | MUHAMMAD SHOAIB | HAJI JAN MOHAMMAD |
|---|---|---|
| CFO | DIRECTOR | CHAIRMAN/DIRECTOR |

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2021

| | Share capital | Statutory reserve | Accumulated Profit / (losses) | Total |
|---|---|---|---|---|
| | Rupees | | | |
| **Balance as at January 01, 2020** | **514,335,580** | **170,798,844** | **(46,447,221)** | **638,687,203** |
| Profit for the period | - | - | 68,249,573 | 68,249,573 |
| Other comprehensive loss | - | - | | |
| Statutory reserves | - | 13,649,915 | (13,649,915) | |
| **Balance as at September 30, 2020** | **514,335,580** | **184,448,759** | **8,152,437** | **706,936,776** |
| **Balance as at January 01, 2021** | **514,335,580** | **186,259,883** | **15,396,933** | **715,992,396** |
| Profit for the period | - | - | 36,254,979 | 36,254,979 |
| Other comprehensive income | - | - | - | - |
| Statutory reserves | - | 7,250,996 | (7,250,996) | - |
| **Balance as at September 30, 2021** | **514,335,580** | **193,510,879** | **44,400,916** | **752,247,376** |

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

**Statement udner section 232 (1) of the Companies Act, 2017**
At the time of the meeting of the board of directors, the Chief Executive Officer was not in Pakistan, as such these financial statements, as approved by the BOD, have been signed by two directors

| SHAKEEL AHMED | MUHAMMAD SHOAIB | HAJI JAN MOHAMMAD |
|---|---|---|
| CFO | DIRECTOR | CHAIRMAN/DIRECTOR |

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2021

**1. STATUS AND PRINCIPAL ACTIVITIES**

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

**1.2** 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).

**1.3** JCR - VIS Credit Rating Company Limited (VIS) has placed the rating of the Company for medium to the long-term rating at ‘A-’ ( A minus) signifies adequate credit quality and the short-term rating of ‘A-2’ (A Two) signifies good certainty of timely payment. Outlook on the assigned rating is ‘Stable’.

**1.4** "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.

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, persuant 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. The management communicated to the registrar that management transferred its assets/liabilities into SIB books of accounts vide our letter dated May 18, 2021. Thereafter, books of accounts have been adjusted accordingly.

**2. BASIS OF PRESENTATION**

This unconsolidated condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations); directives issued by the Securities and Exchange Commission of Pakistan (SECP); and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) , Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations); directives issued by the Securities and Exchange Commission of Pakistan (SECP); and provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), directives issued by the Securities and Exchange Commission of Pakistan (SECP), and provisions of and directives issued under the Companies Act, 2017 shall prevail.

This unconsolidated condensed interim financial information 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, 2020. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 237 of the Companies Act, 2017 and Listing Regulations of Pakistan Stock Exchange.

The comparative statement of financial position presented in this unconsolidated condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31 ,2020, whereas, the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2021.

## 3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the preceeding published annual financial statements of the Company for the year ended December 31, 2020.

## 4. ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated condensed interim financial information 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 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, 2020.

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold Property | Building | Furniture and fixtures | Computer and Office equipments | Vehicles | Generator | Total |
|---|---|---|---|---|---|---|---|
| **Year ended December 31, 2020** | | | | | | | |
| **Net carrying value basis** | | | | | | | |
| Opening net book value | 121,516,047 | 31,306,666 | 4,971,494 | 779,084 | 18,721 | 62,088 | 158,654,100 |
| Additions (at cost) | - | - | - | 36,500 | - | - | 36,500 |
| Disposals (NBV) | | | | | | | |
| Cost | - | - | - | (77,400) | - | - | (77,400) |
| Accumulated depreciation | - | - | - | 77,398 | - | - | 77,398 |
| | - | - | - | (2) | - | - | (2) |
| Depreciation charge | - | (640,000) | (888,625) | (414,834) | (8,100) | (11,643) | (1,963,202) |
| **Closing net book value** | **121,516,047** | **30,666,666** | **4,082,869** | **400,748** | **10,621** | **50,445** | **156,727,396** |
| **Gross carrying value basis** | | | | | | | |
| Cost | 121,516,047 | 32,000,000 | 8,916,237 | 3,731,336 | 40,501 | 582,736 | 166,786,857 |
| Accumulated depreciation / impairment | - | (1,333,334) | (4,833,368) | (3,330,588) | (29,880) | (532,291) | (10,059,461) |
| **Net book value** | **121,516,047** | **30,666,666** | **4,082,869** | **400,748** | **10,621** | **50,445** | **156,727,396** |
| **Period ended Sep 30, 2021** | | | | | | | |
| **Net carrying value basis** | | | | | | | |
| Opening net book value (NBV) | 121,516,047 | 30,666,666 | 4,082,869 | 400,748 | 10,621 | 50,445 | 156,727,396 |
| Additions (at cost) | - | - | - | 312,304 | - | - | 312,304 |
| Disposals (NBV) | | | | | | | - |
| Cost | | | | (993,291) | | | (993,291) |
| Accumulated depreciation | | | | 993,256 | | | 993,256 |
| | - | - | - | (35) | | | (35) |
| Depreciation charge | - | (479,994) | (666,482) | (198,318) | (6,074) | (8,730) | (1,359,598) |
| **Closing net book value** | **121,516,047** | **30,186,672** | **3,416,387** | **514,699** | **4,547** | **41,715** | **155,680,067** |
| **Gross carrying value basis** | | | | | | | |
| Cost | 121,516,047 | 32,000,000 | 8,916,237 | 3,050,349 | 40,501 | 582,736 | 166,105,870 |
| Accumulated depreciation / impairment | - | (1,813,328) | (5,499,850) | (2,535,650) | (35,954) | (541,021) | (10,425,803) |
| **Net book value** | **121,516,047** | **30,186,672** | **3,416,387** | **514,699** | **4,547** | **41,715** | **155,680,067** |
| **Depreciation rate per annum (%)** | - | 20% | 10% | 20% | 20% | 10% | |

## 6. INTANGIBLE ASSETS

| | Note | **September 2021 (Un-audited)** | December 2020 (Audited) |
|---|---|---|---|
| | | **Rupees** | Rupees |
| PMEX card | | **2,500,000** | 2,500,000 |
| NBFC license | | **145,843** | 333,340 |
| DHA membership | | **165,000** | 210,000 |
| | | **2,810,843** | 3,043,340 |

## 7. INVESTMENT IN SUBSIDIARY

| | | |
|---|---|---|
| **Investment- Subsidiary** | | |
| 5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each | **-** | 45,941,799 |
| | **-** | 45,941,799 |

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 30 June 2020 is Rs. 9.188 (2019: Rs. 9.188).

| | Note | September 2021 (Un-audited) | December 2020 (Audited) |
|---|---|---|---|
| | | ---------------- Rupees ---------------- | |
| **8. LONG TERM FINANCING** | | | |
| **Secured and considered good** | | | |
| **Murahaba Finance** | | | |
| - Murahaba finance | | **64,808,104** | 60,371,151 |
| - Deferred Murahaba income | | **(628,361)** | (1,385,798) |
| Murahaba receiveable | **8.1** | **64,179,743** | 58,985,353 |
| Less: Current maturity | | **(59,840,154)** | (53,968,338) |
| | | **4,339,589** | 5,017,015 |

**8.1** These represent financing of vehicle on murahaba basis against hypothecation of vehicles for a period of 3 years to 5 years, carrying mark up 1 Year KIBOR + 3% per annum (2019: 1 Year KIBOR+3%).

| | Note | September 2021 (Un-audited) | December 2020 (Audited) |
|---|---|---|---|
| | | ---------------- Rupees ---------------- | |
| **9. LONG TERM LOANS AND ADVANCES** | | | |
| **Advances-secured** | | | |
| - Staff | | **360,279** | 410,957 |
| - Against expenses | | **884,268** | 620,000 |
| - Against office premises | **8.1** | **2,500,000** | 2,500,000 |
| | | **3,744,547** | 3,530,957 |
| Less: Current portion | | | |
| Staff | | **(360,279)** | (410,957) |
| Against expenses | | **(884,268)** | (620,000) |
| | | **(1,244,547)** | (1,030,957) |
| | | **2,500,000** | 2,500,000 |
| **10. SHORT TERM FINANCING - Secured and considered good** | | | |
| Current maturity of associated companies | | - | |
| Current maturity under Murahaba Finance | | **59,840,154** | 53,968,338 |
| | | **59,840,154** | 53,968,338 |

These were secured by way of hypothecation and a charge on assets of customers. The mark-up rates are 13.5% per annum (2019: 13%).

| | Note | September 2021 (Un-audited) | December 2020 (Audited) |
|---|---|---|---|
| | | ---------------- Rupees ---------------- | |

**11. SHORT TERM INVESTMENT**

| | | | |
|---|---|---|---|
| **Fair value through other comprehensive income** | | | |
| Government Securities - T Bill | | **213,000,000** | 53,000,000 |
| Term Finance Certificates | | **-** | 5,836,219 |
| Quoted shares | | **236,978,839** | 333,154,326 |
| | | **449,978,839** | 391,990,545 |

**12. LOANS AND ADVANCES**

| | | | |
|---|---|---|---|
| Current portion of staff advance | | **360,279** | 410,957 |
| Current portion of against expenses | | **884,268** | 620,000 |
| | | **1,244,547** | 1,030,957 |

**13. TAX REFUND DUE FROM GOVERNMENT**

| | | | |
|---|---|---|---|
| Advance tax | | **287,105,140** | 272,862,387 |
| Less: Accumulated provisions for taxation | | **(221,961,890)** | (217,018,537) |
| | | **65,143,250** | 55,843,850 |

**14. CASH AND BANK BALANCES**

| | | | |
|---|---|---|---|
| With State Bank of Pakistan in current account | | **4,009** | 4,009 |
| **With other banks in** | | | |
| - Current accounts | | **1,805,810** | 1,805,810 |
| - Deposit accounts | | **9,839,128** | 5,439,043 |
| | | **11,644,938** | 7,244,853 |
| Cash in hand | | **80,000** | 45,012 |
| | | **11,728,947** | 7,293,874 |

**15.** CONTINGENCIES AND COMMITMENTS

| | | | |
|---|---|---|---|
| Contingencies | | | |
| Guarantees issued on behalf of customers: | | | |
| - Associated undertaking | | - | - |
| Commitments | | | |
| There were no commitments as at balance sheet date. | | - | - |

## 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 shareholder and their close family members, key management personnel and retirement benefit funds. The Bank 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 are as follows:

| | Note | **September 2021 (Un-audited)** | September 2020 (Un-audited) |
|---|---|---|---|
| | | ---------------- **Rupees** | ---------------- |
| Return on financing | | | |
| - Associated undertakings | | **-** | - |
| - Others | | **6,153,523** | 8,236,329 |
| "Contribution to staff retirement benefit plan" | | **339,413** | 234,442 |

### 16.1 PERIOD END BALANCES

| | Note | **September 2021 (Un-audited)** | December 2020 (Audited) |
|---|---|---|---|
| | | ---------------- **Rupees** | ---------------- |
| **Financing** | | | |
| **Balance at period end** | | | |
| - Associated undertakings | | **-** | - |
| - Other | | **56,223,576** | 50,000,000 |
| **Un funded Guarantee** | | | |
| - Associated undertakings | | **-** | - |
| **Subordinated Loan** | | **-** | - |
| **Investment in Subsidiary** | | | |
| - Equity shares | | **-** | 45,941,799 |

## 17. DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue by the Board of Directors on 27 October 2021.

## 18. GENERAL

**Figures have been rounded off to the nearest rupee.**

**Statement udner section 232 (1) of the Companies Act, 2017**
At the time of the meeting of the board of directors, the Chief Executive Officer was not in Pakistan, as such these financial statements, as approved by the BOD, have been signed by two directors

| **SHAKEEL AHMED** | **MUHAMMAD SHOAIB** | **HAJI JAN MOHAMMAD** |
|---|---|---|
| CFO | DIRECTOR | CHAIRMAN/DIRECTOR |