

2016

1st Quaterly Report
31 March 2016



SIB

**SECURITY
INVESTMENT
BANK LTD.**



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

PRESIDENT & CHIEF EXECUTIVE

Mr. Muhammad Hanif Yousuf

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Zafar .M. Sheikh (Chairman)
Mr. Karim Muhammad Munir
Mr. Muhammad Hanif Yousuf

BUSINESS DEVELOPMENT COMMITTEE

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

CFO & COMPANY SECRETARY

Mr. Muhammad Amin Khatri

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Grant Thoranton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Bawaney & Partners
Muhammad Tariq Qureshi

SHARE REGISTRAR

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

BANKERS

Habib Metropolitan Bank Limited.
Al-Baraka Bank Pakistan Ltd.
MCB Bank Limited.
Summit Bank Limited.

REGISTERED OFFICE

Suite No. 4, 3rd Floor, Al-Baber Centre,
Main Markaz, F-8, Islamabad.
Tel : (051) 2818107-09
Fax: (051) 2818110
Website : www.sibl.com.pk

KARACHI OFFICE

502, 5th Floor, Madina City Mall,
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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 March 31, 2016.

During the current quarter, macroeconomic indicators continued to show positive growth. Large Scale Manufacturing growth is picking up. Current Account deficit narrowed to \$1.859 billion in nine months of FY 2016. The foreign exchange reserves which were at the lowest level in February, 2014 has been increased to more than \$ 20 billion by the end of the current quarter.

The period average inflation increased from 1.7 percent to 2.6 percent during this period. Export receipts declined while private capital inflows remained low and in view of these factors the State Bank of Pakistan decided to maintain its Policy rate at 6%.

During the current period the Pakistan Stock Exchange-100 Index (Formerly Karachi Stock Exchange) registered nominal increase of 0.98% from 32,816 to 33,139 points as of March 31, 2016.

The Company's operating income before taxes for the first quarter ended March 31, 2016 was Rs. 0.284 million as compared to Rs. 3.135 million of the corresponding quarter ended March 31, 2015. The Company's net profit after taxes stood at Rs. 0.153 million during the current quarter ended March 31, 2016 compared with Rs. 2.123 million of the corresponding period of last year.

The Company's Board is in process to devise future strategy in line with applicable NBFC Rules and Regulations as amended and is desirous of venturing viable projects keeping in view the economic and political conditions of the country.

The Directors are grateful to shareholders, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange and other regulators for their guidance, support, and cooperation. The management and staff are also worth praising for their efforts.

On behalf of the Board

Karachi, 28 April 2016

Haji Jan Muhammad
(Chairman)



**CONDENSED INTERIM BALANCE SHEET
(UNAUDITED)
AS AT 31 MARCH 2016**

	Note	Unaudited March 31 2016 Rupees	Audited December 31 2015 Rupees
Non-current assets			
Property, Plant and equipment	5	11,087,140	11,568,874
Intangible Assets	6	10,568,182	10,568,182
Long term investments	7	26,181,818	26,181,818
Murabaha financing	8	3,276,275	2,978,750
Deferred tax asset-net		19,938,706	20,254,890
Current assets			
Short term financing	9	255,219,300	260,283,600
Short term placements	10	43,500,000	40,000,000
Short term investments	11	36,453,313	40,730,401
Loans and advances		92,138,358	91,357,122
Deposits, prepayments and other receivables		9,922,873	8,605,777
Accrued interest		39,418,500	32,537,054
Cash and bank balances	12	7,236,951	11,986,367
		483,889,295	485,500,321
		554,941,416	557,052,835
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		145,743,328	145,712,633
Unappropriated loss		(140,753,228)	(140,876,007)
Deficit on revaluation of investments-net of tax	13	519,325,680 (1,279,877)	519,172,206 (94,581)
Current liabilities			
Short term deposits	14	27,566,778	29,112,373
Accrued and other liabilities		9,328,835	8,862,837
Contingencies	15	36,895,613 -	37,975,210 -
		554,941,416	557,052,835

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

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	Quarter Ended	
	March 31 2016	March 31 2015
	Rupees	
Income		
Income on financing and placements	8,484,492	8,902,967
Return on investments	531,514	946,219
Gain on sale of shares	1,274,428	2,070
Profit on deposit with banks	55,479	104,605
Other income	284,304	586,689
	10,630,217	10,542,550
Expenditure		
Return on deposits and borrowings	195,125	230,675
Operating expenses	10,151,152	7,177,134
	10,346,277	7,407,809
Operating Profit before tax	283,940	3,134,741
Provision for taxation	(130,466)	(1,011,650)
Net Profit after tax	153,474	2,123,091
Earning per share - basic and diluted	0.003	0.041

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

MUHAMMAD HANIF YOUSUF
Chief Executive

HAJI JAN MUHAMMAD
Chairman



SECURITY
INVESTMENT
BANK LTD.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	Quarter Ended	
	March 31 2016	March 31 2015
	Rupees	
Profit for the period after tax	153,474	2,123,091
Other comprehensive income	-	-
Total comprehensive income for the period	153,474	2,123,091

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

MUHAMMAD HANIF YOUSUF
Chief Executive

Haji Jan Muhammad
Chairman

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	Quarter ended	Quarter ended
Note	March 31	March 31
	2016	2015
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Operating Profit before taxation	283,940	3,134,741
Adjustments for non cash and other items		
Depreciation	481,734	105,048
Gain on disposal of shares	(1,274,428)	(2,070)
Provision for gratuity	325,000	-
	(467,694)	102,978
Cash flows from operating activities before working capital changes	(183,754)	3,237,719
(Increase) / Decrease in operating assets		
Decrease /(Increase) in financing and placements	5,064,300	(60,700,000)
(Increase) in advances, deposits, prepayment and other receivables	(9,035,064)	(2,247,598)
	(3,970,764)	(62,947,598)
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in deposits	(1,545,595)	359,332
Increase in accrued and other liabilities	140,226	22,267,243
	(1,405,369)	22,626,575
Net changes in operating assets and liabilities	(5,376,133)	(40,321,023)
Income tax paid	(75,177)	(100,295)
	(75,177)	(100,295)
Net cash used in operating activities	(5,635,064)	(37,183,599)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets net	-	(176,482)
Sale of investments (shares)	4,683,173	2,846
Sale of securities	-	156,249
Net cash flow from investing activities	4,683,173	(17,387)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Financing	(297,525)	-
Net (decrease) in cash and cash equivalents	(1,249,416)	(37,200,986)
Cash and cash equivalents at the beginning of the period	51,986,367	128,403,699
Cash and cash equivalents at the end of the period 16	50,736,951	91,202,713

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



SECURITY
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	Share capital	Statutory reserve	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2015	514,335,580	145,543,127	(142,554,809)	517,323,898
Net Profit upto 31 March 2015	-	-	2,123,091	2,123,091
Transfer to Statutory Reserves	-	424,618	(424,618)	-
Balance as at 31 March 2015	514,335,580	145,967,745	(140,856,336)	519,446,989
Net Loss April to December 2015	-	-	(274,783)	(274,783)
Adjustment	-	-	-	-
Statutory Reserves	-	(255,112)	255,112	-
Balance as at 31 December 2015	514,335,580	145,712,633	(140,876,007)	519,172,206
Net Profit for the period	-	-	153,474	153,474
Appropriations:				
Transfer to Statutory Reserves		30,695	(30,695)	-
Balance as at 31 March 2016	514,335,580	145,743,328	(140,753,228)	519,325,680

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

MUHAMMAD HANIF YOUSUF
Chief Executive

HAJI JAN MUHAMMAD
Chairman

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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).

JCR - VIS Credit Rating Company Limited has revised medium to long-term rating of SIB from 'A-' (Single A Minus) to 'BBB' (Triple B Plus), with stable outlook and maintained the short-term rating at 'A 2' (A Two).

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 2015. 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 2015."

4 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 31 December 2015."

	Un-audited 31-Mar-2016 Rupees	Audited 31-Dec-2015 Rupees
5 Operating Assets		
Cost		
Opening balance	16,256,917	11,587,674
Addition	-	11,888,041
Deletion	-	(7,218,798)
	16,256,917	16,256,917
Less: Accumulated Depreciation		
Opening balance	4,688,043	10,525,878
Adjustment	-	(7,132,525)
For the period	481,734	1,294,690
	5,169,777	4,688,043
Net Operating Assets	11,087,140	11,568,874
6 Intangible Assets		
Trading Right Entitlement Certificates- Pakistan Stock Exchange Limited	9,818,182	9,818,182
Corporate membership of the Pakistan Mercantile Exchange Limited	750,000	750,000
	10,568,182	10,568,182
7 Long term investments		
Investment-at fair value through Other Comprehensive Income		
Pakistan Stock Exchange Limited-Available for sale	26,181,818	26,181,818
	26,181,818	26,181,818
8 Murahaba Financing		
Related Parties-Secured and considered good		
Associated Companies-Murahaba finance	5,166,484	5,625,689
Others	1,196,825	-
Less: Deferred Murahaba income	(1,367,734)	(1,263,339)
Murahaba receiveable	4,995,575	4,362,350
Less: Current maturity	(1,719,300)	(1,383,600)
	3,276,275	2,978,750


9 Short term financing- secured and considered good

Associated companies	253,500,000	258,900,000
Current maturity under Murahaba Finance	1,719,300	1,383,600
	<u>255,219,300</u>	<u>260,283,600</u>

10 Short term placement - considered good

Placement with financial institution-unsecured	<u>43,500,000</u>	<u>40,000,000</u>
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11 Short term investment - Available-for-sale
Available for sale

Pakistan Investment Bonds	21,229,442	20,248,821
Term Finance Certificate	5,836,219	5,836,219
Quoted Shares	<u>9,387,652</u>	<u>14,645,361</u>
	<u>36,453,313</u>	<u>40,730,401</u>

12 Cash and bank balances

With State Bank of Pakistan in Current account	285,870	160,874
With other banks in		
Current account	<u>6,276,808</u>	<u>9,018,514</u>
Deposit accounts	<u>650,496</u>	<u>2,787,667</u>
	6,927,304	11,806,181
Cash in hand	<u>23,777</u>	<u>19,312</u>
	<u>7,236,951</u>	<u>11,986,367</u>

13 (Deficit) on revaluation of investment

Government securities	<u>1,983,448</u>	<u>995,372</u>
Term finance certificates	<u>(1,945,406)</u>	<u>(1,945,406)</u>
	38,042	(950,034)
Related deferred tax asset	<u>(634,703)</u>	<u>(318,519)</u>
	(596,661)	(1,268,553)
Quoted shares	<u>(683,216)</u>	<u>1,173,972</u>
	<u>(1,279,877)</u>	<u>(94,581)</u>

14 Short term deposits

From Individuals	8,594,542	8,519,543
From related parties		
From Associated undertakings	15,914,116	12,168,912
From Others	<u>3,058,120</u>	<u>8,423,918</u>
	<u>27,566,778</u>	<u>29,112,373</u>

15 Contingencies

Guarantees issued on behalf of customers		
-Associated undertaking	<u>25,520,900</u>	<u>25,520,900</u>
-Others	<u>50,000,000</u>	<u>50,000,000</u>

	Un-audited 31-Mar-2016 Rupees	Audited 31-Dec-2015 Rupees
16 Cash and cash equivalents		
Cash and bank balances	7,236,951	11,986,367
Short term placement	43,500,000	40,000,000
	50,736,951	51,986,367

17 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;

	31-Mar-2016 Rupees	31-Mar-2015 Rupees
Financing		
- Associated undertaking	253,500,000	273,000,000
Return on financing		
- Associated undertaking	7,859,496	7,964,214
Un funded guarantee		
- Associated undertaking	25,520,900	15,050,900
- Others	50,000,000	50,000,000
Deposits		
- Associated undertaking	15,914,116	6,225,883
- Others	3,058,120	6,098,495
Return on deposits		
- Associated undertaking	133,394	154,255
- Others	61,731	138,838
Contribution to staff retirement benefit plan	217,110	219,420

18 Date of authorisation

These financial statements were authorised for issue by the Board of Directors on April 28, 2016.

19 General

Figures have been rounded off to the nearest rupee.

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