



SECURITY  
INVESTMENT  
BANK LTD.

The background of the lower half of the page is a complex, abstract geometric design. It consists of several overlapping, semi-transparent shapes in shades of gray and black. A network of white lines and dots is overlaid on these shapes, resembling a molecular or digital network structure. The overall effect is modern and technological.

QUARTERLY  
REPORT March 31, 2017

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

## ACTING PRESIDENT & CHIEF EXECUTIVE

Mr. Zafar .M. Sheikh

## AUDIT COMMITTEE

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

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

## BUSINESS DEVELOPMENT COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Khatri

## COMPANY SECRETARY

Mr. Shakeel Ahmed

## HEAD OF INTERNAL AUDIT / COMPLAINT

Mr. Shah Imran Ahmed

## 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](http://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](mailto: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 2017.

Our Country's trade deficit continued to widen in the first eight months of the fiscal year starting in July, with exports on decline and imports soaring to high. The fiscal deficit has widened in H1 due to disappointing revenue growth and it is expected that the official 3.8% deficit for this fiscal year is hardly achieved.

During the period under review, the SBP maintained the policy rate at 5.75%. Inflation remained well anchored due to near-absence of any major supply side pressures. Private sector credit increased by Rs 349 billion during Jul-Feb FY17. Consumer financing continued the uptrend in the first eight months of the current fiscal year. However, rising real incomes in a low interest rate environment since FY14 are indicating signs of pick up in domestic demand, which is broadly reflected in the core inflation measures.

During the quarter ended 31 March 2017, the Pakistan Stock Exchange Ltd (KSE-100 index) registered trivial increase from 47,807 points as of 1 January 2017 to 48,156 points as of 31 March 2017.

Your company posted operating profit before taxes of Rs. 2.817 million for the first quarter ended 31 March 2017 as compared to Rs. 0.284 million of the corresponding period. The Company's net profit after taxes stood at Rs. 33.737 million which includes realized gain on sale of PSX shares of Rs. 30.969 million to the strategic investors thereby registered a significant growth in your Company's EPS to Rs. 0.656 as compared to only Rs. 0.003 of the corresponding period. Income on financing and placement increased by 18% to Rs. 10 million when compared to the same period of last year.

Our Separate subsidiary is in process of getting TREC transferred and applying for the Brokerage License from SECP. The management of the Company is in process of establishing funding lines with different financial institutions so as to increase earnings and return for shareholders. The Board is in process of reviewing current business being undertaken and other business that could undertake by the Company.

The Board would like to acknowledge and thank shareholders for their continued confidence and patronage; the SECP, SBP and other regulators for their guidance and cooperation; and staff for their dedication.

Karachi, 25 April 2017

On behalf of the Board  
Digitally Signed by Haji Jan Muhammad  
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**Haji Jan Muhammad**  
(Chairman)

**CONDENSED INTERIM BALANCE SHEET  
(UNAUDITED)  
AS AT 31 MARCH 2017**

	Note	Unaudited March 31 2017 Rupees	Audited December 31 2016 Rupees
<b>Non-current assets</b>			
Property, Plant and equipment	5	10,467,382	10,698,704
Intangible Assets	6	750,000	750,000
Long term investments	7	50,000,000	50,000,000
Long term financing	8	18,576,190	17,766,190
Deferred tax asset-net		18,116,102	18,116,102
<b>Current assets</b>			
Short term financing	9	345,738,241	292,057,136
Short term placements	10	10,000,000	-
Short term investments	11	28,277,575	74,657,944
Loans and advances		92,326,119	92,355,682
Deposits, prepayments and other receivables		12,304,815	8,704,633
Accrued interest		41,821,380	49,442,705
Cash and bank balances	12	3,674,459	8,439,698
		<u>534,142,489</u>	<u>525,657,798</u>
		<u>632,052,263</u>	<u>622,988,794</u>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Authorised capital</b>			
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		154,063,704	147,316,381
Unappropriated loss		(111,442,374)	(138,431,667)
Unrealized gain on re-measurement of available for sale investment to fair value - net		20,645,986	51,614,948
		577,602,896	574,835,242
Deficit on revaluation of investments-net of tax	13	(1,945,406)	(2,055,095)
<b>Current liabilities</b>			
Short term deposits		7,700,000	7,700,000
Bank borrowing	14	6,848,036	-
Accrued and other liabilities		41,846,737	42,508,647
		56,394,773	50,208,647
Contingencies	15	-	-
		<u>623,052,263</u>	<u>622,988,794</u>

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

**ZAFAR M. SHEIKH**  
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**HAJI JAN MUHAMMAD**  
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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Quarter Ended	
	March 31 2017	March 31 2016
	Rupees	
<b>Income</b>		
Income on financing and placements	10,005,548	8,484,492
Return on investments	366,782	531,514
Gain on sale of shares	(1,774)	1,274,428
Profit on deposit with banks	13,642	55,479
Other income	600,959	284,304
	<u>10,985,157</u>	<u>10,630,217</u>
<b>Expenditure</b>		
Return on deposits and borrowings	299,189	195,125
Operating expenses	7,868,798	10,151,152
	<u>8,167,987</u>	<u>10,346,277</u>
<b>Operating Profit before tax</b>	<u>2,817,170</u>	<u>283,940</u>
Realized gain on remeasurement PSX shares transferred from unrealized gain	30,968,962	-
Taxation	(49,516)	(130,466)
<b>Net Profit after tax</b>	<u>33,736,616</u>	<u>153,474</u>
<b>Other Comprehensive Income</b>	-	-
<b>Total comprehensive income - net of tax</b>	<u><u>33,736,616</u></u>	<u><u>153,474</u></u>
<b>Earning per share - basic and diluted</b>	<u><u>0.656</u></u>	<u><u>0.003</u></u>

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**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

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**HAJI JAN MUHAMMAD**  
CHAIRMAN

**CONDENSED INTERIM CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

Note	Quarter ended	Quarter ended
	March 31 2017 Rupees	March 31 2016 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Operating Profit/before taxation	2,817,170	283,940
Adjustments for non cash and other items		
Depreciation	480,740	481,734
Gain on disposal of shares	1,774	(1,274,428)
(Loss)/Gain on sale of fixed assets	15,860	
Provision for gratuity	-	325,000
	498,374	(467,694)
Cash flows from operating activities before working capital changes	3,315,544	(183,754)
(Increase) / Decrease in operating assets		
(Increase) / Decrease in financing and placements	(53,681,105)	5,064,300
Decrease / (Increase) in advances, deposits, prepayment and other receivables	4,020,993	(9,035,064)
	(49,660,112)	(3,970,764)
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in deposits	-	(1,545,595)
Increase in Short term borrowings	6,848,036	
(Decrease) / Increase in accrued and other liabilities	(661,910)	140,226
	6,186,126	(1,405,369)
Net changes in operating assets and liabilities	(43,473,986)	(5,376,133)
Income tax paid	(16,214)	(75,177)
	(16,214)	(75,177)
Net cash used in operating activities	(40,174,656)	(5,635,064)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) of fixed assets net	(265,280)	-
Sale of investments (shares)	46,484,697	4,683,173
Sale of securities	-	-
Net cash flow from investing activities	46,219,417	4,683,173
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Financing	(810,000)	-
Net (decrease) in cash and cash equivalents	5,234,761	(1,249,416)
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	16 13,674,459	50,736,951

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

**ZAFAR M. SHEIKH**

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**HAJI JAN MUHAMMAD**

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**CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	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 2016	514,335,580	145,543,127	(145,524,683)	-	514,354,024
Net Profit upto 31 March 2016	-	-	283,940	-	283,940
Transfer to Statutory Reserves	-	-	-	-	-
Balance as at 31 March 2016	514,335,580	145,543,127	(145,240,743)	-	514,637,964
Net Loss April to December 2016	-	-	8,582,330	51,614,948	60,197,278
Adjustment	-	-	-	-	-
Statutory Reserves	-	1,773,254	(1,773,254)	-	-
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	-	-	33,736,616	(30,968,962)	2,767,654
Appropriations:					
Transfer to Statutory Reserves		6,747,323	(6,747,323)	-	-
Balance as at 31 March 2017	514,335,580	154,063,704	(111,442,374)	20,645,986	577,602,896

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

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**MUHAMMAD HANIF YOUSUF**  
Chief Executive

**HAJI JAN MUHAMMAD**  
Chairman

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

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).

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**HAJI JAN MUHAMMAD**

**CHAIRMAN**

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## 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

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 2016."

	Un-audited 31-Mar-2017	Audited 31-Dec-2016
	Rupees	Rupees
<b>5 Operating Assets</b>		
<b>Cost</b>		
Opening balance	14,521,542	16,256,917
Addition	277,780	2,704,975
Deletion	(510,995)	(4,440,350)
	14,288,327	14,521,542
<b>Less: Accumulated Depreciation</b>		
Opening balance	3,822,838	4,688,043
Adjustment	(482,633)	(2,775,406)
For the period	480,740	1,910,201
	3,820,945	3,822,838
<b>Net Operating Assets</b>	<b>10,467,382</b>	<b>10,698,704</b>

	Un-audited 31-Mar-2017	Audited 31-Dec-2016
	Rupees	Rupees
<b>6 Intangible Assets</b>		
Corporate membership of the Pakistan Mercantile Exchange Limited	<u>750,000</u>	<u>750,000</u>
	<u>750,000</u>	<u>750,000</u>
<b>7 Long term investments</b>		
Investment- Subsidiary		
5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each	<u>50,000,000</u>	<u>50,000,000</u>
	<u>50,000,000</u>	<u>50,000,000</u>
<b>8 Long term Financing</b>		
Related Parties-Secured and considered good		
Associated Companies	28,016,568	29,642,147
Others	11,408,792	7,727,021
Less: Deferred income	(5,744,776)	(5,045,842)
Long term financing receivable	33,680,584	32,323,326
Less: Current maturity	<u>(15,104,394)</u>	<u>(14,557,136)</u>
	<u>18,576,190</u>	<u>17,766,190</u>
<b>9 Short term financing- secured and considered good</b>		
Associated companies	300,633,847	277,500,000
Others	30,000,000	-
Current maturity under Murahaba Finance	15,104,394	14,557,136
	<u>345,738,241</u>	<u>292,057,136</u>
<b>10 Short term placement - considered good</b>		
Placement with financial institution-unsecured	<u>10,000,000</u>	<u>-</u>
<b>11 Short term investment - Available-for-sale</b>		
Available for sale		
Investment in PSX Shares	22,441,356	67,324,040
Term Finance Certificate	5,836,219	5,836,219
Quoted Shares	-	1,497,685
	<u>28,277,575</u>	<u>74,657,944</u>

	Un-audited 31-Mar-2017 Rupees	Audited 31-Dec-2016 Rupees
<b>12 Cash and bank balances</b>		
With State Bank of Pakistan in Current account	138,909	97,197
With other banks in		
Current account	3,278,394	8,114,189
Deposit accounts	214,273	192,436
	3,492,667	8,306,625
Cash in hand	42,883	35,876
	<u>3,674,459</u>	<u>8,439,698</u>
<b>13 (Deficit) on revaluation of investment</b>		
Government securities	-	-
Term finance certificates	(1,945,406)	(1,945,406)
	(1,945,406)	(1,945,406)
Related deferred tax asset	-	-
	(1,945,406)	(1,945,406)
Quoted shares	-	(109,689)
	<u>(1,945,406)</u>	<u>(2,055,095)</u>
<b>14 Bank Borrowings</b>		
Running Finance Facility	6,848,036	-
SIBL availing Running Finance facility from Summit Bank of Rs. 50.0 million prevailing rate of return 3 months KIBOR+4%		
<b>15 Contingencies</b>		
Guarantees issued on behalf of customers		
-Associated undertaking	14,584,900	14,584,900
-Others	50,000,000	50,000,000
<b>16 Cash and cash equivalents</b>		
Cash and bank balances	3,674,459	7,236,951
Short term placement	10,000,000	43,500,000
	<u>13,674,459</u>	<u>50,736,951</u>
<b>17 Transaction with related parties</b>		

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-2017 Rupees	31-Dec-2016 Rupees
<b>Financing</b>		
- Associated undertaking	312,167,149	292,057,136
- Others	33,571,092	-
<b>Deposits</b>		
- Associated undertaking	-	-
- Others	7,700,000	7,700,000
<b>Un funded guarantee</b>		
- Associated undertaking	14,584,900	14,584,900
- Others	50,000,000	50,000,000
<b>Return on financing</b>		
- Associated undertaking	9,407,073	7,859,496
- Others	195,616	-
<b>Return on deposits</b>		
- Associated undertaking	-	133,394
- Others	-	61,731
<b>Contribution to staff retirement benefit plan</b>	152,575	217,110

**18 Date of authorisation**

These financial statements were authorised for issue by the Board of Directors on April 25, 2017.

**19 General**

Figures have been rounded off to the nearest rupee.

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**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

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**HAJI JAN MUHAMMAD**  
CHAIRMAN



**UNCONSOLIDATED FINANCIAL STATEMENTS**

**For the three months ended 31 March 2017**

## CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

	Note	March 31, 2017	December 31, 2016
		Rupees	Rupees
<b>NON-CURRENT ASSETS</b>			
Property, Plant and equipment		10,467,382	10,698,703
Intangible Assets		5,750,000	5,750,000
Long term financing		18,576,190	17,766,190
Deferred tax asset		18,116,102	18,116,102
<b>CURRENT ASSETS</b>			
Short term financing		345,738,241	292,057,136
Short term placements		10,000,000	-
Short term Investments		73,140,259	119,520,628
Loan and advances		92,484,491	92,503,913
Deposits, prepayments and other receivable		12,304,815	8,704,636
Accrued interest		41,821,380	49,442,705
Cash and bank balances	7	16,717,562	21,420,657
		592,206,748	583,649,675
		<u>645,116,422</u>	<u>635,980,670</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital		1,000,000,000	1,000,000,000
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		154,063,704	147,316,381
Unappropriated profit		(111,770,649)	(138,830,727)
Unrealized gain on re-measurement of available		48,009,232	78,978,194
		604,637,867	601,799,428
Deficit on revaluation of investments-net of tax		(1,945,406)	(2,055,095)
<b>CURRENT LIABILITIES</b>			
Borrowings		7,700,000	7,700,000
Short term deposits		6,848,036	-
Accrued and other liabilities		27,875,925	28,536,337
		645,116,422	36,236,337
Contingencies and commitments		<u>645,116,422</u>	<u>635,980,670</u>

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

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**HAJI JAN MUHAMMAD**  
CHAIRMAN

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS  
ACCOUNT (UNAUDITED)  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

**Quarter Ended**

March 31, 2017    March 31, 2016

Rupees

**INCOME**

Income on financing and placements  
Return on Investments  
Gain on sale of shares  
Profit on deposit with banks  
Other income

10,005,548	8,484,492
366,782	531,514
(1,774)	1,274,428
115,052	55,479
600,959	284,304
<b>11,086,567</b>	<b>10,630,217</b>

**EXPENDITURE**

Return on deposits and borrowings  
Operating expenses

299,189	195,125
7,899,423	10,151,152
<b>8,198,612</b>	<b>10,346,277</b>

**Operating (Loss)/ Profit before tax**

2,887,955                      283,940

Realized gain on remeasurement PSX shares  
transferred from unrealized gain

30,968,962                      -

Provision for taxation

(49,516)                      (130,466)

**PROFIT AFTER TAXATION**

**33,807,401                      153,474**

Other Comprehensive Income

-                      -

**Total comprehensive income - net of tax**

**33,807,401                      153,474**

**EARNINGS PER SHARE- BASIC AND DILUTED**

**0.66                      0.003**

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**ZAFAR M. SHEIKH**  
CHIEF EXECUTIVE

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**HAJI JAN MUHAMMAD**  
CHAIRMAN



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	Quarter ended March 31, 2017 Rupees	Quarter ended March 31, 2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating (Loss)/ Profit before taxation	2,887,955	283,940
Adjustment for non cash and other items		
Depreciation	480,740	481,734
Gain on disposal of shares	1,774	(1,274,428)
(Loss)/Gain on sale of fixed assets	15,860	-
Gratuity	-	325,000
	498,374	(467,694)
Cash flows from operating activities before working capital changes	3,386,329	(183,754)
Decrease / (Increase) in operating assets		
(increase) in financing and placements	(53,681,105)	5,064,300
(Increase) in advances, deposits, prepayment and other receivables	4,010,855	(9,035,064)
	(49,670,250)	(3,970,764)
(Decrease) / Increase in operating liabilities		
Increase / (Decrease) in deposits	-	(1,545,595)
Increase / (Decrease) in borrowings	6,848,036	-
Increase in accrued and other liabilities	(660,412)	140,226
	6,187,624	(1,405,369)
	(43,482,626)	(5,376,133)
Income tax paid	(16,214)	(75,177)
	(16,214)	(75,177)
Net cash flow from operating activities	(40,112,511)	(5,635,064)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) / sale of fixed assets	(265,280)	-
(Purchase) / sale of investments (shares)	46,484,697	4,683,173
Sale / (Purchase) of securities	-	-
Net cash flow from investing activities	46,219,417	4,683,173
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	(810,000)	(297,525)
Net Increase/ (decrease) in cash and cash equivalents	5,296,906	(1,249,416)
Cash and cash equivalents at the beginning of the period	21,420,656	51,986,367
Cash and cash equivalents at the end of the period	26,717,562	50,736,951

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**HAJI JAN MUHAMMAD**  
CHAIRMAN

**CONDENSED INTERIM CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	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 2016	514,335,580	145,543,127	(145,865,073)	-	514,013,634
Profit upto 31 March 2016	-	-	153,474	-	153,474
Transfer to Statutory Reserve	-	30,695	30,695	-	-
Balance as at 31 March , 2016	514,335,580	145,573,822	(145,742,294)	-	514,167,108
Net profit from April to December 20	-	-	8,654,126	78,978,194	87,632,320
Adjustment	-	-	-	-	-
Transfer to Statutory Reserve	-	1,742,559	(1,742,559)	-	-
Balance as at 31 December , 2016	514,335,580	147,316,381	(138,830,727)	78,978,194	601,799,428
Net profit for the period	-	-	33,807,401	(30,968,962)	2,838,439
Transfer to Statutory Reserve	-	6,747,323	(6,747,323)	-	-
Balance as at 31 March, 2017	514,335,580	154,063,704	(111,770,649)	48,009,232	604,637,867

MUHAMMAD HANIF YOUSUF  
Chief Executive

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

**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 Karachi, Lahore and Islamabad Stock Exchanges. The registered office of SIBL is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad.

SIBL is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the Companies Ordinance, 1984 and the Non-Banking Finance Companies ( Establishment and Regulation ) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) as amended through SRO 1002 (I) /2015 dated 15 October 2015 and Non-Banking Finance Companies and Notified Entities Regulations 2008 as amended through SRO 1160(I) / 2015 dated 25 November 2015 (previously this was covered under SRO 585(1)/87 dated 13 July 1987, issued by the Ministry of Finance).

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

The Investment Bank made an investment in newly incorporated wholly owned subsidiary company namely Security Capital & Investment (Private) Limited amounting to Rs. 50 million . As per agreement dated September 07, 2016 between the Investment Bank and Security Capital & Investment (Private) Limited, the Investment Bank has transferred the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of Pakistan Stock Exchange Limited (PSX). However actual transfer of these assets could not be materialized due to regulatory formalities which are in the process of completion.

- 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 Companies Ordinance, 1984 . The registered office of the Company is situated at Karachi in the province of Sindh.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved International Accounting Standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003, Non-Banking Finance Companies and Notified Entities Regulations 2008 and the directives issued by the SECP. Approved accounting standards comprise of such International Accounting Standards/International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, NBFC Rules or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

## 3 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."

## 4 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, 2016.

## 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, 2016.

## 7. CASH AND BANK BALANCES

	<b>Un-audited 31-Mar-2017 Rupees</b>	<b>Audited 31-Dec-2016 Rupees</b>
<b>With State Bank of Pakistan in Current account</b>	<b>138,909</b>	<b>97,197</b>
<b>With other Banks in</b>		
<b>Current account</b>	<b>3,278,394</b>	<b>8,114,189</b>
<b>Deposit accounts</b>	<b>13,257,376</b>	<b>13,173,395</b>
	<b>16,535,770</b>	<b>21,287,584</b>
<b>Cash in hand</b>	<b>42,883</b>	<b>35,876</b>
	<b>16,717,562</b>	<b>21,420,657</b>

## 8. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on April 25, 2017.

## 9. GENERAL

Figures have been rounded off to the nearest rupee.

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**HAJI JAN MUHAMMAD**  
CHAIRMAN



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