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VISION

Aiming for continued growth, we will further develop our strengths to seize new opportunities and maintain our steadfast commitment.

MISSION

- ❑ *Meet the challenges of highly competitive market with our expertise, creativity and service.*
- ❑ *Develop & maintain strong client relationship.*
- ❑ *Continuously enhance our contributions towards industrial development of the country.*
- ❑ *Above all, in a tradition of prudent growth, our unwavering determination to strengthen long-term earnings and return on shareholders' equity will endure.*

COMPANY INFORMATION

BOARD OF DIRECTORS

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

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

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 AND COMPANY SECRETARY

Mr. Shakeel Ahmed

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Grant Thoranton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Muhammad Tariq Qureshi
Rehan Kayani

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,
Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659750-54
Fax: (021) 35659755
E-mail : sibl@sibl.com.pk

NOTICE OF THE TWENTY SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Seventh Annual General Meeting of Security Investment Bank Limited (the Company) will be held at the Registered Office of the Company located at Suite Number 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad, on 23 April 2018 at 9:00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of the Annual General Meeting held on 28 April 2017.
- 2) To receive and adopt the audited financial statements of the Company for the year ended 31 December 2017 together with the directors' and auditor's reports thereon.
- 3) To appoint auditors and fix their remuneration for the year ending 31 December 2018. The retiring auditors M/s. Muniff Ziauddin & Co., Chartered Accountants can not be reappointed as the Company is required to change its external auditors every five years under the Code of Corporate Governance. In place the Board has recommended the name of M/s. BDO Ebrahim & Co., Chartered Accountants for appointment as the external auditor of the Company for the year ending 31 December 2018. They have consented to be appointed as external auditor.

ANY OTHER BUSINESS

- 4) To consider any other business with the permission of the Chair.

BOOK CLOSURE

The share transfer book of the company will remain closed from 16 April 2018 to 23 April 2018 (both days inclusive). Transfer applications received in order at the office of the Share Registrar of the Company (i.e. C & K Management Associates (Private) Limited, room number 404, Trade Tower, Abdullah Haroon Road, Karachi) by the close of business on 16 April 2018 will be treated in time for determining the entitlement of members to attend the Annual General Meeting of the Company.

By order of the board

Karachi:
24 March 2018

Shakeel Ahmed
Company Secretary

NOTES:

- 1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the office of the share registrar of the company duly stamped and signed not less than 48 hours before the meeting. A member may not appoint more than one proxy.
- 2) Members are requested to promptly communicate to the Share Registrar of the Company any change in their addresses.
- 3) CDC account holders and sub-account holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.
 - a) For attending the meeting.
 - i) In case of individuals, the account holder or sub-account holder shall bring his or her original CNIC or original passport alongwith Participant ID Number and the Account Number at the time of attending meeting.
 - ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

- b) For appointing proxies
- i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his or her original CNIC or original passport at the time of meeting.
 - v) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted to the company along with proxy form.
- 4) Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2017 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 15% and 20% respectively. According to the Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Members that hold shares with joint shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar, Central Depository Company of Pakistan Limited in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal shares by principal shareholder and joint holder(s).

5) **SUBMISSION OF COMPUTERISED NATIONAL IDENTITY CARD / NATIONAL TAX NUMBER**

We would like to bring it to the notice of our valued shareholders that the Securities & Exchange Commission of Pakistan (SECP) vide Notification No. SRO 831(I)/2012 dated 05 July 2012 in supersession of earlier Notification No. SRO 779(I)/2011 dated 18 August 2011, has directed all the listed companies to issue dividend warrant(s) only crossed as "A/C Payee Only" in the name of registered shareholder or in the name of authorised person where a registered shareholder authorises the Company to pay dividend, on his behalf, to any other person. The dividend warrant(s) should also bear the Computerised National Identity Card Number (CNIC) of the registered shareholder or the authorised person, except in case of minor(s) and corporate shareholders.

In view of the above, it is requested that the Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company Share Registrar.

The Corporate Shareholders are requested to provide at the earliest their National Tax Number directly to the Company Share Registrar.

6) **DIVIDEND MANDATE OPTION**

In compliance of the Circular No. 18 of 2012 dated 05 June 2012, we would like to inform our valued shareholders that Section 242 of the Companies Act, 2017 allows the shareholders of a company to order the company to pay them cash dividend, if declared, through their respective banks.

In this regard, those shareholders who would like to avail the above facility are requested to provided following details directly the Share Registrar of the Company.

Name of Shareholder
Folio Number / Participant ID and Account Number
CNIC Number
Title of Bank Account
Bank Account Number
Bank's Name
Branch Name
Branch Address
Cell Number of Shareholder, if any
Landline Number of Shareholder, if any

7) Electronic Transmission of Financial Statements and Notices

Pursuant to Notification vide SRO 787 (I)/2014 dated September 08, 2014:SECP has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). The Company is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. <http://www.sibl.com.pk> Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1MB in size. Further, it is the responsibility of the member (s) to timely update the Share Registrar of any changes in his/her/its/their registered email address at the address of Company's Share Registrar mentioned above.

8) Placement of Financial Statements

The Company has placed the Audited Financial Statements for the year ended December 31, 2017 along with Auditors and Directors Reports thereon on its website: <http://www.sibl.com.pk>

CHAIRMAN'S REVIEW REPORT

I am pleased to welcome you to the 26th Annual Report of your Company and present on behalf of the Board of Directors, the Audited Financial Statements for the year ended 31 December 2017 along with my review on the performance of your Company.

Economic Overview

Growth accelerated in FY2017 achieves its highest level in previous years. Due to increase in global prices for oil and other commodities, inflation slightly exceeded the forecast. There has been visible improvement in export growth and remittances are marginally higher. However, due to high level of import the current account deficit remains under pressure.

Average inflation remains within the forecast range of SBP; but core inflation has continued to increase. Pakistan real GDP growth was at level of 5.3 % in 2017, up from 4.5 % previous year.

Reclassification to MSCI emerging market was the major positive for FY2017, but economic and political uncertainty dampened sentiments of investors. Consequently, the Pakistan Stock Exchange (PSX) 100 index decreased from 48,240 points as of January 01, 2017 to 40,741 points as of December 31, 2017 registering decrease of 16%

Pakistan's economy have witnessed important changes since November 2017 impinging upon the policy rate decision, reasons, PKR has depreciated, oil prices are hovering near USD 70 per barrel and other central banks started to adjust their policy rates upward adversely affecting PKR interest-rate differentials. Accordingly, SBP decided to raise the policy rate by 25 pbs to 6%.

Financial Performance

Alhamdulillah, during the financial year 2017, your company posted operating profit before taxes of Rs.22.093 million added realized gain on sale of PSX shares of Rs. 51.615 million, comprises total profit before taxes of Rs. 73.708 million.

The Board of Directors of your Company received agendas and supporting written material in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decision.

Acknowledgement

I would like to acknowledge and particularly thank our CEO, his executive leadership team and all the employees of SIBL for their hard work, commitment. I am also grateful to our bankers, shareholders, the SECP, Stock Exchanges and other regulators for their cooperation and support.

KARACHI:

Dated: March 24, 2018

Haji Jan Muhammad

Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Security Investment Bank Limited (the "Company") are pleased to present the 26th Annual Report along with the Audited Financial Statements and Auditor's Report thereon for the year ended 31 December 2017.

Financial Performance

Alhamdulillah, during the financial year 2017, your company posted operating profit before taxes of Rs.22.093 million added realized gain on sale of PSX shares of Rs. 51.615 million, comprises total profit before taxes of Rs. 73.708 million.

The key financial results achieved during the year are as under:

PROFIT AND LOSS ACCOUNT

Income

	2017 Rs.	2016 Rs.	Increase / (decrease) Rs.	Increase / (decrease) %
Return on financing and placements	51,012,119	36,030,425	14,981,694	42
Return on securities	1,044,534	5,085,811	(4,041,277)	(79)
Gain on sale of investments	1,748,226	8,626,796	(6,878,570)	(80)
Profit on deposit with banks	152,965	117,675	35,290	30
Other income	3,774,037	2,277,721	1,496,318	66
	57,731,881	52,138,428	5,593,455	11

Expenditure

Finance cost	3,122,524	1,244,801	1,877,723	151
Administrative expenses	32,516,195	39,534,016	7,017,823	(18)
	35,638,719	40,778,817	(5,140,100)	(13)
Profit from Operation	22,093,162	11,359,611	10,733,552	94.48

Realized gain on re-measurement of PSX shares	51,614,948	-	51,614,948	-
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Profit before tax	73,708,110	11,359,611	12,836,921	323
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Taxation	(13,029,199)	(2,493,341)	(10,535,858)	422.55
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Net profit after tax	60,678,911	8,866,270	51,812,641	584
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The Company's net income for the year ended December 31, 2017 increased significantly to Rs. 60.679 million from Rs. 8.866 million. Return on financing and placement increased by 42% to Rs. 51.012 million from Rs. 36.030 million.

Corporate Governance

The Board of Directors of the Company (the "Board") regularly reviews the strategic direction, business plans and performance in the light of the Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company is complying with the provisions set out by the SBP, SECP and the listing rules of the Stock Exchanges where it is listed.

As required under the Code of Corporate Governance, the Board would like to confirm that:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data of six years of the Company are as follows:

Description / Year	(Rupees in millions)					
	2017	2016	2015	2014	2013	2012
Share capital	514	514	514	514	514	514
Shareholder's equity	584	575	519	517	506	503
Deposits	8	8	29	22	125	112
Borrowings	37	-	-	-	177	360
Short term financing	415	292	260	212	126	145
Investments	56	125	41	30	431	482
Operating profit	22	11	3.4	14.5	5.1	1.9
Net profit	61	9	0.9	12.2	3.4	2.8
Total assets	678	623	557	546	793	964
Dividend	-	-	-	-	-	-
Bonus	-	-	-	-	-	-

Value of Provident Fund Investment

As on 31 December 2017 based on the unaudited accounts, the value of investment of Provident Fund is Rs. 3.064 millions (2016 Rs 3.791 millions).

Pattern of Shareholding

The pattern of shareholding as at 31 December 2017 along with the disclosure required under the Code of Corporate Governance, 2012 is annexed to the report.

Directors' Attendance

During the year ended 31 December 2017, five Board of Directors; four Audit Committee and two Human Resources and Remuneration Committee (HR & R) meetings were held. Attendance of each director is as follows:

Name	Board of Directors	Audit Committee	HR & R Committee
Haji Jan Muhammad	3	3	Not applicable
Karim Muhammad Munir	4	3	3
Mohammad Shoaib	5	Not applicable	Not applicable
Muhammad Mahboob	4	Not applicable	3
Shaikh Abdullah	5	4	Not applicable
Sheikh Asim Rafiq	5	4	Not applicable
Zafar M. Shaikh	4	Not applicable	3

Leave of absence was granted in case the Directors were not able to attend the meetings.

Trade / dealing in shares of the Company

During the year, the Directors, CEO, CFO, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company.

Statement of Code of Conduct

The Board of Directors has adopted the required statement of Conduct. All employees are aware of this code and are requested to observe rules of conduct of business and regulations.

Directors' Training Program

Details have been provided in Statement of Compliance.

Earnings per Share

Earning per share of the Company is Rs 1.180 for the year ended 31 December 2017 (2016 Rs (0.172).

Dividend

Due to low earnings, no dividend is declared for the year ended 31 December 2017.

Outlook

Your company's management is endeavouring to improve the company's business by establishing credit lines with different banks to increase earnings and return for shareholders. Meanwhile the Company is reviewing various business options and its future course of action, including the re-adoption of Deposit taking model keeping in view the NBFC Regulatory Framework.

Auditors

The present auditors Muniff Ziauddin & Co., Chartered Accountants retire who remained auditor of the Company for the last 5 years.

The Clause xxviii(a) of the Code 2012 stipulates that all listed companies in the financial sector shall change their external auditors every five years; and therefore the retiring auditors could not be appointed as an auditor for the next year.

The Audit Committee in view of the above has recommended appointment of BDO Ebrahim & Co., Chartered Accountants as an auditor of the Company for the year ending 31 December 2018.

The Board of Directors endorsed the recommendation of the Audit Committee for the appointment of BDO Ebrahim & Co., Chartered Accountants as an auditor of the Company for the year ending 31 December 2018.

Acknowledgement

We, the directors of SIBL, are grateful to the SECP, Stock Exchanges and other regulators for their cooperation and support. We do acknowledge and are thankful to our shareholders for their support and cooperation. We also acknowledge and are thankful for the untiring efforts of the management and staff.

On behalf of the Board

Haji Jan Muhammad

Chairman

Karachi

24 March 2018

ڈائریکٹرز رپورٹ برائے حصص دار

ڈائریکٹرز سیکورٹی انویسٹمنٹ بینک (The Company) 31 دسمبر 2017 کو اختتام پزیر سال پر چھبیسویں سالانہ رپورٹ بمع محتسب شدہ مالیاتی دستاویزات اور آڈٹ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی

الحمد للہ آپ کی کمپنی سے آپرٹنگ منافع محصول سے پہلے برائے سال، 2017 کیا ہے اس کا حجم Rs. 22.02 ملین ہے۔ realize/gain حاصل ہوا جو پاکستان اسٹاک ایکسچینج پر نمایاں مالیاتی نتائج کے موجودہ سال کے لئے شہیر زینجی سے حاصل ہوا ہے۔

نمایاں مالیاتی نتائج درج ذیل ہیں۔

Increase / (decrease) %	Increase / (decrease) Rs.	2016 Rs.	2017 Rs.	نفع و نقصان کا کھاتا
42	14,981,694	36,030,425	51,012,119	نفع مالیاتی قرضے پر
(79)	(4,041,277)	5,085,811	1,044,534	نفع سیکورٹیز
(80)	(6,878,570)	8,626,796	1,748,226	سرمائے کے بیچنے پر نفع
30	35,290	117,675	152,965	بینک میں جمع شدہ رقم پر منافع
66	1,496,318	2,277,721	3,774,037	دوسرا منافع
11	5,593,455	52,138,428	57,731,881	اخراجات
151	1,877,723	1,244,801	3,122,524	مالیاتی تخمینا
(18)	7,017,823	39,534,016	32,516,195	انتظامی خرچے
(13)	(5,140,100)	40,778,817	35,638,719	operation پر منافع
94.48	10,733,552	11,359,611	22,093,162	
-	51,614,948	-	51,614,948	PSX کے شہیر زکی واپس revaluation سے حاصل شدہ نفع
323	12,836,921	11,359,611	73,708,110	منافع محصول سے پہلے
422.55	(10,535,858)	(2,493,341)	(13,029,199)	محصولات
584	51,812,641	8,866,270	60,678,911	منافع محصول کے بعد

کمپنی کا خالص منافع اس سال 31 دسمبر 2017 کو ختم ہونے والے مالی سال میں کمپنی کا نفع نمایاں طور پر مبلغ 8.866 بلین سے مبلغ 60.679 بلین تک پہنچ گیا ہے Investment کو بیچنے پر 42% نفع ہوا جو Rs. 36.030 بلین سے بڑھ کر 51.012 بلین ہوا ہے۔

کورپوریٹ گورننس

کمپنی کے ڈائریکٹر کا بورڈ مستقل طور پر علمی، کاروباری پلان اور کارکردگی کو کمپنی کے مقاصد کی روشنی میں جانچتا رہتا ہے بورڈ آف ڈائریکٹر اچھے کورپوریٹ گورننس کے عملی معیار کو قائم رکھنے کے لیے ہمیشہ کوشاں رہتے ہیں۔ کمپنی، اسٹیٹ بینک آف پاکستان، ایس ای سی پی PSX کی متعین کردہ Provisions کی پابندی کرتی رہے گی۔

- انتظامیہ کی تیار کردہ مالیاتی رپورٹس آپریشنز کے نتائج حصول زر اور استعمال نیز ایکویٹی میں ہونے والی تبدیلیوں کی درست عکاسی کرتے ہیں۔
- حسابی کتاب مناسب طور پر رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں حسب سابق اکاؤنٹس کے درست اصولوں کو اختیار کیا گیا ہے اور حسابی اندازوں کی بنیادی معقول اور محتاط ہے۔
- حسابات کی تیاری میں ان بین الاقوامی معیاروں کی، جن کا نفاذ پاکستان میں ہو چکا ہے، پیروی کی گئی ہے اور کسی بھی انحراف کو واضح طور پر ظاہر کیا گیا ہے۔
- اندرونی کنٹرول کا نظام بلحاظ ساخت مکمل ہے اور اس پر عملدرآمد اور نگرانی موثر ہے۔
- کمپنی کے چلتے رہنے کی صلاحیت ہر قسم کے شک و شبہ سے بالا ہے۔
- لسٹنگ ریگولیشنز میں کوڈ آف کورپوریٹ گورننس کے بہترین طریقوں، پر عمل درآمد میں کوئی قابل ذکر انحراف نہیں ہوا ہے۔

(Rpbeur ni seipm)						پچھلے سالوں کی نمایاں آپریشن اور مال اعداد و شمار درج ذیل ہیں۔
2012	2013	2014	2015	2016	2017	
514	514	514	514	514	514	شیر کیپٹل
584	575	519	517	506	503	حصص داروں کا اثاثہ
8	8	29	22	125	112	امانت
37	-	-	-	177	360	ادھار
415	292	260	212	126	145	قلیل المبدأ سرمایہ کاری
56	125	41	30	431	482	سرمایہ کاری
22	11	3.4	14.5	5.1	1.9	زیر عمل منافع
61	9	0.9	12.2	3.4	2.8	خالص منافع
678	623	557	546	793	964	کل اثاثہ
-	-	-	-	-	-	ڈیوڈنڈ
-	-	-	-	-	-	بونس

پراؤڈنڈ فنڈز میں سرمایہ داری کی قدر

31 دسمبر 2017 غیر محاسب کھاتوں کے مطابق پراؤڈنڈ سرمایہ داری کی قدر مبلغ Rs.30.69 بلین (Rs. 3.791 بلین 2016)۔

طرز حصہ داری 31 دسمبر 2017 اور disclosure جو ضابطہ کو رپورٹ گورننس 2012 کے تحت لازمی ہے وہ اس رپورٹ کے ساتھ منسلک ہے۔

31 دسمبر 2017 کو ختم ہونے والے سال میں پانچ ڈائریکٹرز کے بورڈ کی، چار آڈٹ کمیٹی کی، اور Human Resources and Remuneration کمیٹی کی میٹنگز منعقد ہوئی ہر ایک ڈائریکٹر کی حاضری درج ذیل ہے۔

نام	ڈائریکٹر کا بورڈ	آڈٹ کمیٹی	ایچ آر اور آر کمیٹی
حاجی جان محمد	3	3	نا قابل اطلاق
کریم محمد موہنیر	4	3	3
محمد شوہب	5	نا قابل اطلاق	نا قابل اطلاق
محمد محبوب	4	نا قابل اطلاق	3
شیخ عبداللہ	5	4	نا قابل اطلاق
شیخ عاصم رفیق	5	4	نا قابل اطلاق
ظفر محمد شیخ	4	نا قابل اطلاق	3

ڈائریکٹروں کو میٹنگ سے غیر حاضری سے استثناء دی جاسکتی ہے

کمپنی کے حصص میں لین دین

پورے سال کے دوران ڈائریکٹر سی ای او، سی ایف او، کمپنی سیکریٹری اور انڈرونی آڈٹ کے سربراہ اور ان سب کی اہلیہ اور ان کے چھوٹے بچوں نے ہماری کمپنی کے حصص میں کوئی لین دین نہیں کی۔

ضابطہ اخلاف کی تفصیل

ڈائریکٹروں کے بورڈ ضابطہ اخلاف کی پوری طرح پابندی کی ہے تمام ملازمین اس ضابطہ اخلاف سے واقف ہیں اور ان سے گزارش کی جاتی کہ وہ کاروباری پابندی کرتے رہے گے۔

ڈائریکٹر کا تربیتی پروگرام

پروگرام کی تفصیلات Statement of compliance میں مہیہ کی گئی ہے۔

منافع فی حصہ

کمپنی کا منافع فی شیئر ختم ہونے والے سال 31 دسمبر 2107 میں Rs 1.81 رہا ہے (2016 میں Rs(0.172)۔

ڈیویڈنڈ

منافع کی کمی وجہ سے 31 دسمبر کو ختم ہونے والے سال کے لیے کوئی ڈیویڈنڈ (Dividend) کا اعلان نہیں کیا گیا۔

صورت حال

آپ کی کمپنی کی مینجمنٹ بھرپور کوشش کر رہی ہے کی مختلف بینکوں سے کریڈٹ لائن کو بہتر کرنے تاکہ حصص دار کے لئے منافع برہایا جاسکے مزید برآں کمپنی مختلف کاروباری اختیار کو دیکھ رہی ہے اور ساتھ مستقبل کے لائحہ عمل پر کام کر رہی ہیں۔

آڈیٹرز

موجودہ آڈیٹرز منیف ضیا الدین اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ جو پچھلے پانچ سال سے کمپنی کے آڈیٹرز رہے ہیں۔ اب اس منصب سے مستعفی ہو چکے ہیں۔

مضابطہ 2012 میں موجودہ شق (a) XXVII کے مطابق تمام کمپنیوں کو لازم ہے کہ ہر پانچ سال کے بعد بیرونی آڈیٹرز کو بدلنا لازم ہے لہذا پچھلے سال مستعفی ہونے والے آڈیٹرز کو اس سال نامزد نہیں کیا جاسکتا۔

آڈٹ کمپنی کے تجویز کی توثیق کرتے ہوئے بورڈ آف ڈائریکٹرز، بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ کو آڈیٹرز برائے ختم ہونے سال 31 دسمبر 2018 کے لیے منتخب کیا ہے۔

ہم ڈائریکٹرز ایس آئی بی ایل، ایس ای سی پی اسٹاک ایکسچینج اور دوسرے اداروں کے تعاون اور اعانت کے لیے بھرپور شکریہ ادا کرتے ہیں۔ مینجمنٹ اور اسٹاف کی انتھک کوششوں کا اعتراف کرتے ہوئے ان کا شکریہ ادا کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

حاجی جان محمد

چیرمین

کراچی 24 مارچ 2018

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 (Appendix B) of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Name
Non-Executive Director	Haji Jan Muhammad
Non-Executive Director	Mr Muhammad Mehboob
Non-Executive Director	Mr Muhammad Shoaib
Independent Director	Mr Shaikh Abdullah
Independent Director (NIT Nominee)	Mr Sheikh Asim Rafiq
Executive Director (CEO)	Mr Zafar M Sheikh
Independent Director	Mr Karim Muhammad Munir

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was no casual vacancies occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.
9. The board did not arrange any training program for its directors during the year. Two of the seven directors have already obtained certification under the Director's Training Program and one of the directors is exempt from Director's Training Program as per criteria prescribed in the said regulation.
10. The Board has approved the Appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 4 members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set-up an effective internal audit function/manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of person having access to inside information by Company Secretary in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi, 24 March 2018

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Security Investment Bank Limited ("the Bank") for the year ended December 31, 2017 to comply with the requirements of Listing Regulation No. 5.19 of the Pakistan Stock Exchange Limited where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2017.

KARACHI:

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(Sohail Saleem)

**UNCONSOLIDATED
FINANCIAL STATEMENTS**
for the year ended
December 31, 2017

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of Security Investment Bank Limited ("the Bank") as at December 31, 2017 and the related unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, gives the information required by the Companies Ordinance, 1984, in the manner so required and, give a true and fair view of the state of the Bank's affairs as at December 31, 2017 and of the profit, its cash flow and changes in equity for the year then ended: and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Karachi:
Dated: March 24, 2018

Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	2017 Rupees	2016
Assets			
Property, plant and equipment	5	9,172,179	10,698,703
Intangible assets	6	2,500,000	750,000
Long term investments	7	50,000,000	50,000,000
Long term financing	8	12,942,646	17,766,190
Deferred tax asset - net	9	8,599,833	18,116,102
Current assets			
Short term financing	10	414,827,758	292,057,136
Short term investments	11	5,836,219	74,657,944
Loans and advances	12	88,534,475	92,355,682
Deposits, prepayments and other receivables	13	10,541,924	8,704,634
Accrued interest	14	41,139,793	49,442,705
Cash and bank balances	15	34,443,155	8,439,698
		595,323,324	525,657,799
		678,537,982	622,988,794
Share capital and liabilities			
Capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	16	514,335,580	514,335,580
Accumulated loss		(89,888,538)	(138,431,667)
Statutory reserves	17	159,452,163	147,316,381
Unrealized gain on re-measurement of 'available for sale' investments to fair value - net		-	51,614,948
		583,899,205	574,835,242
Deficit on revaluation of investments - net of tax	18	(1,945,406)	(2,055,095)
Current liabilities			
Short term deposits	19	7,700,000	7,700,000
Bank Borrowing	20	37,398,225	-
Accrued and other liabilities	21	51,485,958	42,508,647
		96,584,183	50,208,647
Contingencies and commitments	22		
		678,537,982	622,988,794

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 ←-----Rupees-----→	2016
Income			
Return on financing and placements	23	51,012,119	36,030,425
Return on securities	24	1,044,534	5,085,811
(Loss) / gain on sale of investments		(1,774)	8,626,796
Profit on deposit with banks		152,965	117,675
Other income	25	5,524,037	2,277,721
		57,731,881	52,138,428
Expenditure			
Finance cost	26	3,122,524	1,244,801
Administrative expenses	27	32,516,195	39,534,016
		35,638,719	40,778,817
Operating profit before taxation		22,093,162	11,359,611
Realized gain on re-measurement PSX shares transferred from unrealized gain		51,614,948	-
Profit before taxation		73,708,110	11,359,611
Taxation	28	(13,029,199)	(2,493,341)
Net profit after tax		60,678,911	8,866,270
Other comprehensive Income			
Unrealized gain on remeasurement of PSX shares		-	51,614,948
Re-measurement of defined benefit plans		-	-
Deferred tax		-	-
Re-measurement of defined benefit plans - net of tax		-	-
Total comprehensive income - net of tax		60,678,911	60,481,218
Earning per share - basic and diluted	29	1.180	0.172

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	<-----Rupees----->	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	73,708,110	11,359,611
Adjustment for non cash and other items		
Depreciation	1,811,792	1,910,201
Loss / (gain) on disposal of shares	(1,748,226)	(8,626,796)
Gain on disposal of fixed assets	(212,287)	(726,043)
Gain on sale of government securities	-	(2,522,732)
Realized gain on re-measurement PSX shares	(51,614,948)	-
Provision for gratuity	-	325,000
	(51,763,669)	(9,640,370)
Cash flows from operating activities before working capital changes	21,944,441	1,719,242
(Increase)/decrease in operating assets		
Increase in financing and placements	(122,770,622)	(46,560,976)
Decrease / (Increase) in loans and advances	807,470	(622,274)
Increase in deposits and prepayments	(1,837,290)	(98,857)
Decrease / (Increase) in accrued interest	8,302,912	(16,905,651)
	(115,497,530)	(64,187,757)
Increase / (decrease) in operating liabilities		
(Decrease) / Increase in deposits	-	(21,412,373)
(Decrease) in borrowings	-	-
Increase in accrued and other liabilities	8,977,311	33,645,810
	8,977,311	12,233,437
Net change in operating assets and liabilities	(106,520,219)	(51,954,320)
Long term financing	4,823,544	-
Income tax paid	(500,968)	(413,400)
Gratuity paid	-	(325,000)
Dividend paid	-	-
	4,322,576	(738,400)
Net cash used in operating activities	(80,253,202)	(50,973,479)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	1,596,500	2,453,000
Purchase of fixed assets	(1,669,480)	(2,704,975)
Investment in subsidiary	-	(50,000,000)
Transfer of assets to subsidiary	-	22,499,438
Sale of investments - shares	1,607,374	13,418,075
Sale of PSX shares	67,324,040	21,761,271
Net cash generated from investing activities	68,858,434	7,426,810
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	37,398,225	-
Net increase / (decrease) in cash and cash equivalents	26,003,457	(43,546,669)
Cash and cash equivalents at the beginning of the year	8,439,698	51,986,367
Cash and cash equivalents at the end of the year	34,443,155	8,439,698

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital (Note 16)	Statutory Reserve (Note 17)	Accumulated loss	Unrealized gain on re- measurement of 'available for sale' investments to fair value - net	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2016	514,335,580	145,543,127	(145,524,683)	-	514,354,024
Total comprehensive income for the year ended December 31, 2016			8,866,270	51,614,948	60,481,218
Statutory reserve	-	1,773,254	(1,773,254)	-	-
Transfer from statutory reserves to Accumulated loss		-	-	-	-
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 year ended December 31, 2017	-	-	60,678,911	(51,614,948)	9,063,963
Appropriation :					
Statutory reserve	-	12,135,782	(12,135,782)	-	-
Balance as at 31 December 2017	514,335,580	159,452,163	(89,888,538)	-	583,899,205

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. LEGAL STATUS AND OPERATION

Security Investment Bank Limited (the Bank) 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.

The Bank 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).

During the year, the Bank has not got its credit rating renewed as the Bank has curtailed the status of deposit taking. Previously, JCR - VIS Credit Rating Company Limited has placed the rating of the Bank 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.

During the previous year, the 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 Bank and the subsidiary, the Bank ceded the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of Pakistan Stock Exchange Limited (PSX) and PMEX membership card to the subsidiary. During the current year, the TREC has been transferred by the PSX in the name of the subsidiary. However, the shares of PSX and PMEX card have 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 balance sheet date.

2. BASIS OF PREPARATION

Unconsolidated financial statements

These are the unconsolidated financial statements (therein after referred as the financial statements) of the Bank in which investment in subsidiary is accounted for on the basis of direct or indirect equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Bank are prepared separately.

Statement of compliance

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Therefore these unconsolidated 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.

The SECP has deferred the applicability of International Accounting Standards, IAS-39, 'Financial Instruments: Recognition and measurement' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. The SECP has also deferred the applicability of International Financial Reporting Standard, IFRS-7, 'Financial Instruments: Disclosures' through Circular No. 411(I)/2008 dated April 28, 2008 to NBFCs providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

2.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees which is the functional and presentation currency of the Bank and rounded to the nearest Rupee.

2.3 Standards, Interpretations and Amendments to Approved Accounting Standards That are Not Yet Effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payment - (Amendment)	January 1, 2018
IFRS 3 Business Combinations - (Amendment)	January 1, 2019
IFRS 9 Financial Instruments - (Amendment)	January 1, 2018
IFRS 11 Joint Arrangements - (Amendment)	January 1, 2019
IFRS 12 Disclosure of Interests in Other Entities - (Amendment)	January 1, 2017
IFRS 15 Revenue from Contracts With Customers	January 1, 2018
IAS 1 Presentation of Financial Statements - (Amendment)	January 1, 2017
IAS 12 Income Taxes - (Amendment)	January 1, 2017
IAS 19 Employee Benefits - (Amendment)	January 1, 2019
IAS 23 Borrowing Costs - (Amendment)	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures - (Amendment)	January 1, 2018
IAS 40 Investment Property - (Amendment)	January 1, 2018
IFRS 10 - Consolidated Financial Statements - (Amendment)	January 1, 2017
IFRS 11 - Joint Arrangements - (Amendment)	January 1, 2017
IAS 16 - Property, Plant and Equipment - (Amendment)	January 1, 2017
IAS 27 - Separate Financial Statement - (Amendment)	January 1, 2017
IAS 28 - Investments in associates and joint ventures - (Amendment)	January 1, 2017
IAS 38 - Intangible Assets - (Amendment)	January 1, 2017
IFRS 2 Share-based Payment	

The Bank expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application.

The Following new standards have been issued by the IASB, but have not yet been notified by the SECP for.

Standard or Interpretation	IASB Effective date (annual periods)
IFRS 1 - First time Adoption of International Financial Reporting	July 1, 2009
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Bank's accounting policies, management has made the following estimates and judgments which

are significant to the unconsolidated financial statements:

- (a) determining the residual values and useful lives of property and equipment (Note 5)
- (b) classification of investments (Note 7 and 11)
- (c) recognition of taxation and deferred tax (Note 9 and 28) and
- (d) accounting for post employment benefits (Note 31)"

3 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention, except for held for trading and available for sale investments. In these unconsolidated financial statements, except for the amount reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, Plant and Equipment

Assets are stated at cost less accumulated depreciation.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 5 to these unconsolidated financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are included in current year's income. Major renewals and repairs are capitalized.

Fully depreciated assets are being kept at token value of Rs. 1/- each.

4.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

4.2.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

4.3 Impairment

The carrying amount of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4 Investments

Held-to-maturity

Investment with fixed maturity where management has both the intent and ability to hold to maturity, are classified as held-to-maturity.

Available-for-sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes to interest rates, exchange rates or equity prices are classified as available-for-sale.

Held-for-trading

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held-for-trading.

All Investments are initially recorded at cost, being the fair value of the consideration given.

Subsequent to initial recognition, investments available for sale and investments held for trading for which active market exists, are measured at market value using rates quoted on stock exchange quotes and broker's quotations, in accordance with the requirements of circulars issued by State Bank of Pakistan. In case of available for sale investments, any difference between the carrying value and the revalued amount is taken to surplus/ (deficit) on revaluation of investments account, until realized on disposal. At the time of disposal the respective surplus or deficit is transferred to income currently. Amortization cost is charged to profit and loss account.

Investments held till maturity are stated at amortized cost using the effective interest rate method less impairment, if any. The amortization for the period has been charged to the profit and loss account.

4.5 Securities under repurchase / reverse repurchase agreement

Transactions of repurchase / resale of government securities, term finance certificates and shares are entered into at contracted rates for specified period of time and are accounted for as follows:

Repurchase agreements

The securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are included in borrowings from institutions. The difference between sale and repurchase price is treated as mark-up on borrowings from institutions and accrued as expense over the life of the repo agreement.

Reverse repurchase agreements

The securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these obligations are included in placements. The difference between purchase and resale price is accrued as income over the life of the reverse repo agreement.

4.6 Trade date and settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by Security Investment Bank Limited. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.7 Staff retirement benefits

4.7.1 Defined contribution plan

The Bank operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the Bank and the employee, to the fund @10% of basic salary.

4.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Bank has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the

liability simultaneously.

4.9 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

4.10 Classification of deposits and financing

Deposits and financing are classified as long and short term considering the remaining period at the balance sheet date.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and deposit account and short term clean placement.

4.12 Provisions

Provisions are recognized when the Bank has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.13 Revenue

Income on financing, placement, government securities, profit on deposits and term finance certificates are generally recognized on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognized on receipts basis.

Dividends on equity investments are recognized as income when the right to receive payment is established.

Income from capital gains is recognized on earned basis.

Fee, commission, liquidated damages etc. are recorded on earned basis except which is spread over the time proportion.

4.14 Finance cost

Finance cost includes return on deposits and borrowings which are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

4.15 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax rebates and credits, if any, or at 1.25% of turnover whichever is higher.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the balance sheet date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available

against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax on surplus / (deficit) on revaluation of investments is charged or credited directly to the same account.

4.16 Related party transactions

The Bank enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

4.17 Provision for doubtful debts on financing

Provision is made against doubtful receivable in pursuance of Securities & Exchange Commission of Pakistan's NBFC and Notified Entities Regulations 2008.

4.18 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

5 Property, plant and equipment

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2017		
	As at January 01, 2017	Additions	(Deletions)		As at December 31, 2017	Charge for the year	(Adjustment)		As at December 31, 2017	
Computer and equipments	3,525,931	227,171	(515,415)	3,237,687	20%	1,866,489	562,627	(512,902)	1,916,214	1,321,473
Furniture and fixtures	8,257,467	442,384	-	8,699,851	10%	1,393,443	849,890	-	2,243,333	6,456,518
Generator	582,736	-	-	582,736	10%	427,432	58,275	-	485,707	97,029
Sign board	64,271	-	-	64,271	10%	36,782	928	-	37,710	26,561
Telephone system	289,982	12,400	-	302,382	10%	72,427	26,829	-	99,256	203,126
Vehicles	1,801,155	987,525	(1,801,154)	987,526	20%	26,265	313,243	(419,454)	(79,946)	1,067,472
2017	14,521,542	1,669,480	(2,316,569)	13,874,453		3,822,838	1,811,792	(932,356)	4,702,274	9,172,179

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2016		
	As at January 01, 2016	Additions	(Deletions)		As at December 31, 2016	Charge for the year	(Adjustment)		As at December 31, 2016	
Computer and equipments	2,617,028	935,903	(27,000)	3,525,931	20%	1,322,438	571,050	(26,999)	1,866,489	1,659,442
Furniture and fixtures	8,257,467	-	-	8,257,467	10%	574,109	819,334	-	1,393,443	6,864,024
Generator	582,736	-	-	582,736	10%	369,158	58,274	-	427,432	155,304
Sign board	37,716	26,555	-	64,271	10%	31,238	5,544	-	36,782	27,489
Telephone system	252,639	37,343	-	289,982	10%	45,607	26,820	-	72,427	217,555
Vehicles	4,509,331	1,705,174	(4,413,350)	1,801,155	20%	2,345,493	429,179	(2,748,407)	26,265	1,774,890
2016	16,256,917	2,704,975	(4,440,350)	14,521,542		4,688,043	1,910,201	(2,775,406)	3,822,838	10,698,703

5.1 Cost and accumulated depreciation as at the end of the year include Rs. 538,973/- (2016 : Rs. 860,888/-) in respect of fully depreciated assets still in use.

5.2 Schedule of disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Gain / (Loss)	Sold to	Mode of disposal
Vehicle - Toyota Corolla	1,801,154	437,080	1,364,074	1,579,000	214,926	Muhammad Sohaib Sheikh	Negotiation
Others							
Items having book value less than Rs. 50,000 each	515,415	495,276	20,139	17,500	(2,639)	various par	Negotiation
	2,316,569	932,356	1,384,213	1,596,500	212,287		

	2017	2016
	<i>Note</i>	<i><-----Rupees-----></i>
6 Intangible assets		
Corporate membership of the PMEX	2,500,000	750,000
	<u>2,500,000</u>	<u>750,000</u>
7 Long term investments		
Investment - Subsidiary		
5,000,000 ordinary shares of Security Capital & Investments (Pvt.) Ltd. @ Rs. 10/- each	50,000,000	50,000,000
Break up value per share is Rs. 13 (2016: Rs. 14)		
	<u>50,000,000</u>	<u>50,000,000</u>
8 Long term financing		
Murabaha financing		
<i>Related Parties - Secured and considered good</i>		
Associated Companies - Murabaha finance	21,135,840	29,642,147
Others	6,719,717	7,727,021
Less Deferred Murabaha finance	<u>(2,260,448)</u>	<u>(5,045,842)</u>
Murabaha receivable	25,595,109	32,323,326
Less: Current maturity	<u>(12,652,463)</u>	<u>(14,557,136)</u>
	<u>12,942,646</u>	<u>17,766,190</u>
8.1	These represent financing of vehicle on morabaha basis against hypothecation of vehicles & machinery for a period of 3 years to 5 years, carrying mark up 1 Year KIBOR + 3% per anum (2016: 1 Year KIBOR+3%).	
9 Deferred tax asset - net		
Deferred tax assets arising in respect of:		
Accelerated depreciation	(543,051)	538,128
Tax losses	9,142,884	17,577,974
	<u>8,599,833</u>	<u>18,116,102</u>
9.1 Movement in deferred tax asset		
Opening balance	18,116,102	20,254,890
Reversal during the year	<u>(9,516,269)</u>	<u>(2,138,788)</u>
Closing balance	<u>8,599,833</u>	<u>18,116,102</u>
9.2	The Bank has an aggregate amount of Rs. 30.476 million (2016: Rs. 56.703 million) in respect of unabsorbed tax losses as at December 31, 2017 on which the management has recognized deferred tax asset of Rs. 6.3 million (2016: Rs. 17.578 million). The management of the Bank believes that based on the projections of future taxable profit it would be able to realize these tax losses in the future.	
	<i>Note</i>	<i><-----Rupees-----></i>
10 Short term financing - secured and considered good		
Associated companies	371,340,338	277,500,000
Others	30,834,957	-
Current maturity of long term financing	12,652,463	14,557,136
	<u>414,827,758</u>	<u>292,057,136</u>

- 10.1 These are secured by hypothecation or a charge on assets of customers, pledge of certificate of deposits and pledge of listed shares. The mark-up rates are 12% per annum (2016: 12% to 14% per annum).

11 Short term investments	Note	2017	2016
		←-----Rupees-----→	
Available for sale			
Investment in 2,404,430 shares of Pakistan Stock Exchange Limited	11.1	-	67,324,040
Pakistan Investment Bonds	11.2	-	-
Term Finance Certificates	11.2	5,836,219	5,836,219
Quoted shares	11.2	-	1,497,685
		5,836,219	74,657,944

- 11.1 As mentioned in note 1, during the previous year the Bank ceded its TREC along with 1,602,953 shares (40%) of PSX to its wholly owned subsidiary namely Security Capital & Investment (Private) Limited at the value of Rs. 10.917 per share amounting to Rs. 17,499,438. However the shares still remained in CDC account of the Bank under blocked status due to the reason as mentioned in the note 1.

11.2 Securities given as collateral under repurchase agreements.

Note	2017			2016		
	Held by the Bank	Repo	Total	Held by the Bank	Repo	Total
 Rupees					
Pakistan Investment Bonds	-	-	-	-	-	-
Term Finance Certificates	11.2.1	5,836,219	-	5,836,219	-	5,836,219
Quoted Shares	11.2.2	-	-	1,497,685	-	1,497,685

11.2.1 Particulars of listed Term Finance Certificates (TFC) :

Issuer of TFC	No. of Certificates	2017		2016	
		Cost	Market Value	Cost	Market value
		2017	2016 Rupees	
Telecard Limited	11.2.2.1	5,000	5,000	7,781,625	5,836,219

11.2.2.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Telecard Limited	5,000	3.75% over 6 months KIBOR.	Semi-annually	Originally Eight years from May 2005. Then rescheduled upto May 27, 2015. Now it is restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR+0%.
Valuation of certificates	5,000			
Redemption upto December 31, 2017	3,467			
Balance as at December 31, 2017	1,533			

11.2.2.2 Telecard has restructured its TFCs redemption schedule on December 30, 2011 relating to the default of payment of redemption due on May 27, 2011, without any consequences or delay penalties after the approval obtained by the Company from the TFC holders upon Company's request. The said restructuring has resulted in lower current maturity. As a result, the last redemption date has been extended to May 27, 2015, instead of the revised final redemption date of November 27, 2013. Now in the year 2015 it is restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR + 0%.

The TFCs are secured against a first specific charge over the fixed assets of the company, aggregating to Rs. 800 million and specific charge over the intangible assets (frequency spectrum) procured from the Pakistan Telecommunication Authority.

11.2.2 Quoted Shares

All shares / units have face value of Rs. 10/- each unless identified otherwise.

2017		2016		2017		2016	
No. of ordinary shares, certificates / units		Cost	Market Value	Cost	Market Value	Rupees	
Fertilizer							
-	6,000	-	-	711,322	634,445		
-	1,000			336,034	316,090		
Oil and Gas Companies							
-	8,500	-	-	208,883	197,200		
Pharmaceuticals							
-	1,500	-	-	351,135	349,950		
-	17,000	-	-	1,607,374	1,497,685		

		2017	2016
		<-----Rupees----->	
12	Loans and advances	<i>Note</i>	
	Advances - considered good		
	For expenses	1,845,443	2,652,913
	For office premises	2,500,000	2,500,000
	Advance income tax less payments and provision for tax	84,189,032	87,202,769
		88,534,475	92,355,682
13	Deposits, prepayments and other receivables		
	Security deposits	1,526,880	1,569,368
	PMEX exposure limits	13.1 1,212,927	1,212,927
	KSE exposure limits	1,250,000	1,254,809
	Prepayments	910,386	1,470,857
	Other receivables - considered good	5,641,731	3,196,673
		10,541,924	8,704,634

13.1 This represents interest bearing security deposits of Rs. 701,000 (2016: 701,000) which carries markup at the rate of 4% to 4.50 % (2016: 4% to 4.5%).

	2017	2016
Note	<-----Rupees----->	
14 Accrued interest		
Income receivable	41,139,793	49,442,705
	41,139,793	49,442,705

14.1 Income receivable

Considered good

Not due

14.1.1	41,139,793	49,442,705
	41,139,793	49,442,705

14.1.1 This represents income on financing and government securities not matured / due on December 31, 2017.

	2017	2016
Note	<-----Rupees----->	
15 Cash and bank balances		
With State Bank of Pakistan in		
- Current account	29,935	97,197
With other banks in		
- Current accounts	2,111,201	8,114,189
- Deposit accounts	32,285,588	192,436
	34,396,789	8,306,625
Cash in hand	16,431	35,876
	34,443,155	8,439,698

15.1 Rate of return on these deposits accounts range from 3% to 4% per annum (2016 : 3% to 4% per annum).

16 Issued, subscribed and paid-up capital

Number of shares				
2017	2016			
23,552,000	23,552,000	Ordinary shares of Rs. 10/- each fully paid in cash	235,520,000	235,520,000
27,881,558	27,881,558	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	278,815,580	278,815,580
51,433,558	51,433,558		514,335,580	514,335,580

17 Statutory reserves

Capital reserves

Statutory reserves

17.1	159,452,163	147,316,381
	159,452,163	147,316,381

17.1 This reserve is created @ 20% of profit for the year from ordinary activities after taxation in compliance with Regulation No.16 of NBFCs and Notified Entities Regulations 2008.

	2017	2016
	<-----Rupees----->	
18 Deficit on revaluation of investments - net of tax		
Term Finance Certificates	(1,945,406)	(1,945,406)
Quoted shares	-	(109,689)
	<u>(1,945,406)</u>	<u>(2,055,095)</u>
19 Short term deposits		
Others	7,700,000	7,700,000
	<u>7,700,000</u>	<u>7,700,000</u>
20 Bank Borrowing		
Short term running finance	<u>37,398,225</u>	<u>-</u>
20.1	The company has availed running finance facility from Summit Bank with a limit of Rs. 50.0 million @ 3 months KIBOR+4%. The facility is secured against Rs. 58 million book debts of the Bank.	
21 Accrued and other liabilities		
Accrued expenses		
Return on deposits from		
- individuals	-	-
- Others	170,877	170,877
	<u>170,877</u>	<u>170,877</u>
Other liabilities		
Unclaimed dividend	2,094,583	2,094,583
Others		
- related party	45,718,877	31,248,944
- others	3,501,621	8,994,243
	<u>49,220,498</u>	<u>40,243,187</u>
	<u>51,485,958</u>	<u>42,508,647</u>
21.1	This includes the amount paid by the wholly owned subsidiary namely Security Capital & Investment (Private) Limited against purchase of assets (including PMEX membership card).	
22 Contingencies and commitments		
	2017	2016
	<-----Rupees----->	
22.1 Contingencies		
Guarantees issued on behalf of customer:		
- Associated undertaking	14,203,000	14,584,900
- Others	50,000,000	50,000,000
	<u>14,203,000</u>	<u>14,584,900</u>
	<u>50,000,000</u>	<u>50,000,000</u>
22.2 Commitments		
There were no commitment as at the balance sheet date.		
23 Return on financing and placements		
Financing		
Demand finance	48,166,257	33,198,826
Morahaba financing	1,482,070	1,125,447
Lease Finance	1,281,054	604,492
Placements		
With financial Institution:		
Secured against reverse repurchase agreements of quoted	-	-
Unsecured	82,738	1,101,660
	<u>82,738</u>	<u>1,101,660</u>
	<u>51,012,119</u>	<u>36,030,425</u>

		2017	2016
	Note	<-----Rupees----->	
24	Return on securities		
	Return on government securities	-	1,275,529
	Return on TFC	475,500	485,253
	Gain on revaluation of trade investment	-	-
	Gain on sale of government securities	-	2,522,732
	Dividend income	569,034	802,297
		<u>1,044,534</u>	<u>5,085,811</u>
25	Other income		
	Gain on sale of fixed assets	212,287	726,043
	Commission	686,136	645,271
	Miscellaneous	4,625,614	906,407
		<u>5,524,037</u>	<u>2,277,721</u>
26	Finance cost		
	Return on certificate of deposits	3,122,524	1,225,196
	Return on borrowings under repurchase agreement	-	19,605
		<u>3,122,524</u>	<u>1,244,801</u>
27	Administrative expenses		
	Salaries, wages and other benefits	17,582,724	19,485,706
	Contribution to provident fund	445,572	649,373
	Gratuity scheme expense	-	325,000
	Rent, rates and taxes	2,299,220	2,352,260
	Telephone, telex and fax	712,503	872,397
	Electricity, water and gas	766,085	761,439
	Printing, postage and stationery	508,127	201,749
	Insurance	542,187	928,245
	Fees and membership	2,273,383	2,964,080
	Brokerage and commission	441,795	49,704
	Central Depository Company charges	679,990	448,310
	Auditors' remuneration	438,070	391,890
	Legal and professional fees	1,098,800	2,072,870
	Vehicle running and maintenance	597,009	1,057,944
	Repairs and maintenance	448,153	1,588,931
	Advertisement	349,105	1,441,010
	Travelling, Conveyance and entertainment	1,098,373	1,241,376
	Depreciation	1,811,792	1,910,201
	Bank charges	6,924	51,461
	Old age benefit	140,400	144,588
	Books, periodicals & newspapers	29,733	59,431
	Other expenses	246,250	536,051
		<u>32,516,195</u>	<u>39,534,016</u>
27.1	Auditors' remuneration		
	Statutory audit fee	406,820	360,000
	Out of pocket expenses	31,250	31,890
		<u>438,070</u>	<u>391,890</u>

28	Taxation	Note	2017	2016
			<-----Rupees----->	
	Current			
	- for the year	28.1	(3,512,930)	(320,156)
	Deferred			
	- opening balance		(18,116,102)	(20,289,287)
	- closing balance		8,599,833	18,116,102
			(9,516,269)	(2,173,185)
			(13,029,199)	(2,493,341)

28.1 The provision for taxation for the current year has been made by applying alternate corporate tax to companies on income not covered under fixed / final tax regime; and applying respective rates applicable to income covered under fixed / final tax regime.

The declared results for Assessment years 1993-94, 1994-95 were accepted whereas return of income in respect of Tax years 2004, 2009, 2010 and 2017, are deemed to be assessed in terms of section 120(1)(b) of the Income Tax Ordinance, 2001 (the "Ordinance").

The return of income furnished for assessment year 1995-96 to 2001-02 were filed in the status of a public company. However, the status of a banking company was assigned to the Bank by the tax department and certain disallowances were made in the profit and loss expenses. For the assessment year 1995-96 to 2000-01 issues were settled in favor of the Bank by the Appellate Tribunal Inland Revenue (the "ATIR").

Assessment in respect of tax year 2008 was amended vide order dated December 24, 2009 issued under section 122 of the Ordinance by Deputy Commissioner Inland Revenue (the "DCIR") creating tax demand of Rs. 37,791,566. The Bank filed an appeal before CIR(A), which was decided in favor of tax department and the Bank filed a second appeal before ATIR which was also decided mostly against the Bank.

The Bank has filed a reference application before Islamabad High Court against the said order of ATIR. The date of hearing has not yet been fixed.

No additional provision has been made against this demand as the management is confident that reference application will be decided in favour of the Bank.

The return filed by the Bank was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was duly responded. And on the basis of reply submitted and hearing with the officer the return was amended under section 122(5) creating a tax demand amounting Rs. 14,460,027. Being aggrieved with the assessment, an appeal against the said order was submitted before the Commissioner Inland Revenue (Appeals-I) which has been heard for order.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. A rectification application was filed which was rejected. The order of DCIR was contested before CIR (A) who remanded back the case to DCIR for further verification. No further notice in this regard has been received by the Company.

The returns filed by the Bank for the said years were selected for audit under section 177 of the Ordinance, online showcase notices were issued but adjournment was asked. However no further action has been taken by the authorities in this regard.

28.2 Relationship between tax expense and accounting profit

The numerical reconciliation between tax expense and accounting profit has not been presented for in these unconsolidated financial statements as the income of the Bank is either subject to minimum tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

28.3 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

	2017	2016
29 Earnings per share- basic and diluted	<i>Note</i> <-----Rupees----->	
29.1 Basic		
Profit after tax	Rs. <u>60,678,911</u>	8,866,270
Weighted average number of ordinary shares	<u>51,433,558</u>	51,433,558
Earnings per share	Rs. <u>1.180</u>	<u>0.172</u>

29.2 Diluted

No figure for diluted earnings per share has been presented as the Bank has not issued any instrument that would have an impact on its earnings exercised.

30 Staff strength

Number of employees at end of the year	<u>16</u>	<u>26</u>
Average number of employees during the year	<u>16</u>	<u>26</u>

31 Defined contribution plan

An amount of Rs. 0.446 million (2016: Rs.0.649 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

31.1 Disclosure relating to provident fund

The company operates a recognized Provident Fund (the Fund) for its permanent employees

	2017	2016	2017	2016
	<----Percentage---->		<-----Rupees----->	
(i) Size of Fund			6,629,575	8,626,129
(ii) Cost of investments made			6,522,626	7,373,508
(iii) Percentage of investments made			98.39	85.48
(iv) Fair value of investments in government securities			3,064,000	3,791,350

Break up of the investments is as follows:

Bank balance	52.17	41.53	3,458,626	3,582,158
Government securities	46.22	43.95	3,064,000	3,791,350

31.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

32 Remuneration of chief executive and directors

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	<-----Rupees----->					
Director's meeting fees	-	-	910,000	1,100,000	-	-
Managerial remuneration	4,494,000	3,670,100	-	-	3,950,668	7,946,000
Bonus	374,500	374,500	-	-	278,000	522,000
Medical expenses	374,496	144,444	-	-	297,949	510,203
Provident fund	-	-	-	-	478,184	470,301
Other benefits	705,300	696,530	-	-	-	-
	<u>5,948,296</u>	<u>4,885,574</u>	<u>910,000</u>	<u>1,100,000</u>	<u>5,004,801</u>	<u>9,448,504</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>7</u>

In addition to above the Investment Bank provides free use of Investment Bank maintained cars to its Chief Executive and other Senior Executives.

33 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Bank has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis at Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the Bank's assets and liabilities.

34 Maturities of assets and liabilities

	2017			
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Tangible fixed assets	9,172,179	-	-	9,172,179
Intangible assets	2,500,000	-	-	2,500,000
Long term Investment	50,000,000	-	-	50,000,000
Deferred tax asset	8,599,833	-	8,599,833	-
Long term financing	25,595,109	12,652,463	12,942,646	-
Short term financing	402,175,295	402,175,295	-	-
Short term investments	5,836,219	5,836,219	-	-
Loans and advances	88,534,475	88,534,475	-	-
Deposits, prepayments and other	10,541,924	10,541,924	-	-
Accrued interest	41,139,793	41,139,793	-	-
Cash and bank balances	34,443,155	34,443,155	-	-
	678,537,982	595,323,324	21,542,479	61,672,179
Liabilities				
Borrowings	37,398,225	37,398,225	-	-
Short term deposits	7,700,000	7,700,000	-	-
Accrued expenses and other liabilities	51,485,958	51,485,958	-	-
	96,584,183	96,584,183	-	-
Net assets	581,953,799	498,739,141	21,542,479	61,672,179
Represented by:				
Share capital	514,335,580			
Accumulated loss	(89,888,538)			
Statutory reserves	159,452,163			
Deficit on revaluation of investments - net of tax	(1,945,406)			
	581,953,799			

	2016			
	Total	Within One Year	Over one year to five years	Over five years
	-----Rupees-----			
Assets				
Tangible fixed assets	10,698,704	-	-	10,698,704
Intangible assets	750,000	-	-	750,000
Long Term Investment	50,000,000	-	-	50,000,000
Deferred tax asset	18,116,102	-	18,116,102	-
Long Term Financing	17,766,190	14,557,136	3,209,054	-
Short term financing	292,057,136	292,057,136	-	-
Short term investments	74,657,944	74,657,944	-	-
Loans and advances	92,355,682	92,355,682	-	-
Deposits, prepayments and other	8,704,634	8,704,634	-	-
Accrued Interest	49,442,705	49,442,705	-	-
Cash and bank balances	8,439,698	8,439,698	-	-
	622,988,794	540,214,935	21,325,156	61,448,704
Liabilities				
Short term deposits	7,700,000	7,700,000	-	-
Accrued expenses and other liabilities	42,508,647	42,508,647	-	-
	50,208,647	50,208,647	-	-
Net assets	572,780,147	490,006,288	21,325,156	61,448,704
Represented by:				
Share capital	514,335,580			
Accumulated loss	(138,431,667)			
Statutory reserves	147,316,381			
Unrealized gain on re-measurement of 'available for	51,614,948			
Deficit on revaluation of investments - net of tax	(2,055,095)			
	572,780,147			

35 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Bank's performance to developments affecting a particular industry.

The Bank follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the SECP and SBP. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Bank seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of Industry / sector analysis of finance portfolio is given below:

35.1	Finance	2017		2016	
		Rupees	%	Rupees	%
	Cables and electric goods	292,057,136	100.00	263,262,350	100.00
		292,057,136	100.00	263,262,350	100.00

35.2 Geographical Segment

These unconsolidated financial statements represent operations of the Bank in Pakistan only.

36 Market risk

The Bank's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the bank's activities include interest rate risk, currency risk and other price risk.

36.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or reprice in a given period. The Bank manages this risk by matching the repricing of assets and liabilities.

The Bank's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

31 December 2017					
Description	Total	Exposed to Interest Rate/ Yield Risk			Not Exposed to Interest Rate/ Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Investment in subsidiary	50,000,000	-	-	-	50,000,000
Long term financing	25,595,109	12,652,463	12,942,646	-	-
Short term financing	402,175,295	402,175,295	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Short term investments in quoted shares	-	-	-	-	-
Investment in Government Bonds	-	-	-	-	-
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	9,631,538	-	-	-	9,631,538
Accrued interest	41,139,793	-	-	-	41,139,793
Balances with banks and cash in hand	34,443,155	32,285,588	-	-	2,157,567
Total	571,321,109	452,949,565	12,942,646	-	105,428,898
Financial liabilities					
Deposits	7,700,000	7,700,000	-	-	-
Bank Borrowing	37,398,225	-	-	-	37,398,225
Profit accrued on deposits and borrowings	170,877	-	-	-	170,877
Accrued and other liabilities	51,315,080	-	-	-	51,315,080
Total	96,584,182	7,700,000	-	-	88,884,182
Total interest rate sensitivity gap		445,249,565	12,942,646	-	16,544,716
Cumulative interest rate sensitivity gap		445,249,565	458,192,211	458,192,211	
31 December 2016					
Description	Total	Exposed to Interest Rate/ Yield Risk			Not Exposed to Interest Rate/ Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Investment in subsidiary	50,000,000	-	-	-	50,000,000
Investment in the shares of PSX	67,324,040	-	-	-	67,324,040
Long term financing	17,766,190	14,557,136	3,209,054	-	-
Short term financing	292,057,136	292,057,136	-	-	-
Short term investments in TFC's	5,836,219	5,836,219	-	-	-
Short term investments in quoted shares	1,497,685	-	-	-	1,497,685
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	7,233,777	-	-	-	7,233,777
Accrued interest	49,442,705	-	-	-	49,442,705
Balance with bank and cash in hand	8,439,698	192,436	-	-	8,247,262
Total	502,097,449	312,642,927	3,209,054	-	186,245,468
Financial liabilities					
Deposit	7,700,000	7,700,000	-	-	-
Profit accrued on deposits and borrowings	170,877	-	-	-	170,877
Accrued and other liabilities	42,337,770	-	-	-	42,337,770
Total	50,208,647	7,700,000	-	-	42,508,647
Total interest rate sensitivity gap		304,942,927	3,209,054	-	143,736,821
Cumulative interest rate sensitivity gap		304,942,927	308,151,981	308,151,981	

Mark-up rates are mentioned in the respective notes to these unconsolidated financial statements.

36.2 Equity price risk

The Bank's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Bank manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the bank's senior management on a regular basis. The bank's Board of Directors reviews and approves all equity investment decisions.

36.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Bank is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions."

37 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Bank defines as net operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Bank is exposed to externally imposed capital requirements.

The Securities and Exchange Commission of Pakistan has notified amendments in the 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 Board of Directors in its meeting held on September 07, 2016 has resolved to continue the Company's IFS License as Non Deposit taking Lending NBFC and accordingly the Company is in compliance with Minimum Capital Requirement as stipulated in the NBFC Regulations 2008.

38 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying value of financial assets and financial liabilities approximate their fair values as reflected in the unconsolidated financial statements.

39 Transactions 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 shareholders 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 year, other than Director's remuneration given under note 32 to the unconsolidated financial statements, are as follows;

Financing

Balance as at year end

- Associated undertakings
- Others

Return on financing

Transactions during the year

- Associated undertakings
- Others

Short term deposits

Balance as at year end

- Others

Return on deposits

Transactions during the year

- Associated undertakings

Subsidiary

Transactions during the year

Acquisition of equity shares

Sale of assets to subsidiary:

TREC

PSX shares

Advance received from subsidiary

Guarantee issued

Balance as at year end

- Associated undertakings
- Others

Other transactions during the year

Contribution to staff provident fund

Contribution to staff gratuity fund

Commission income

	2017	2016
	<-----Rupees----->	
	<u>371,340,338</u>	<u>292,057,136</u>
	<u>30,834,957</u>	<u>-</u>
	<u>48,166,257</u>	<u>33,198,826</u>
	<u>-</u>	<u>-</u>
	<u>7,700,000</u>	<u>7,700,000</u>
	<u>-</u>	<u>1,249,482</u>
	<u>-</u>	<u>50,000,000</u>
	<u>-</u>	<u>5,000,000</u>
	<u>-</u>	<u>17,499,438</u>
	<u>10,000,000</u>	<u>14,000,562</u>
	<u>14,203,000</u>	<u>14,584,900</u>
	<u>50,000,000</u>	<u>50,000,000</u>
	<u>445,572</u>	<u>649,373</u>
	<u>-</u>	<u>325,000</u>
	<u>91,000</u>	<u>179,640</u>

40 Figures

40.1 Figures have been rounded off to the nearest rupee.

40.2 Comparative information has been re-classified or re-arranged, wherever necessary, for the purpose of better presentation.

41 Date of authorization for issue

These unconsolidated financial statements were authorized for issue by the Board of Directors on _____.

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

**CONSOLIDATED
FINANCIAL STATEMENTS**
for the year ended
December 31, 2017

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Security Investment Bank Limited and its subsidiary company (the Group) as at December 31, 2017 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with notes forming part thereof, for the year then ended. We have also expressed separate opinion/conclusion on the financial statements of Security Investment Bank Limited and its subsidiary company Security Capital & Investment (Private) Limited, for the year ended December 31, 2017. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Security Investment Bank Limited and its subsidiary company as at December 31, 2017 and the results of their operations for the year then ended.

As disclosed in the note 1.2., the shares of PSX and PMEX card have not yet been transferred in the name of the subsidiary company due to the reason that the subsidiary company has not obtained license to deal as broker from SECP till balance sheet date. Our conclusion on the financial statement of the subsidiary company is not qualified regarding this matter

Karachi:
Dated: 24 March 2018

Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

		2017	2016
	<i>Note</i>	<i>Rupees</i>	
Assets			
Property, plant and equipment	5	9,342,555	10,698,704
Intangible assets	6	7,500,000	5,750,000
Long term financing	7	12,942,646	17,766,190
Investment in shares of PSX	8	35,906,147	112,186,724
Deferred tax asset - net	9	8,599,833	18,116,102
Current assets			
Short term financing	10	414,827,758	292,057,136
Short term investments	11	5,836,219	7,333,904
Loans and advances	12	88,882,018	92,503,913
Deposits, prepayments and other receivables	13	10,541,924	8,704,636
Accrued interest	14	41,139,793	49,442,705
Cash and bank balances	15	34,841,922	21,420,657
		596,069,634	471,462,950
		670,360,815	635,980,670
Share capital and liabilities			
Capital and reserves			
Authorized capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	16	514,335,580	514,335,580
Accumulated loss		(92,482,562)	(138,830,727)
Statutory reserves	17	159,452,163	147,316,381
Unrealized gain on re-measurement of 'available for sale' investments to fair value - net		18,406,709	78,978,194
		599,711,890	601,799,428
Deficit on revaluation of investments - net of tax	18	(1,945,406)	(2,055,095)
Current liabilities			
Short term deposits	19	7,700,000	7,700,000
Bank Borrowing	20	37,398,225	-
Accrued and other liabilities	21	27,496,106	28,536,337
		72,594,331	36,236,337
Contingencies and commitments	22		
		670,360,815	635,980,670

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	<i>Note</i>	<-----Rupees----->	
Income			
Return on financing and placements	23	51,012,119	36,030,425
Return on securities	24	1,044,534	5,085,811
(Loss) / gain on sale of investments		(1,774)	8,626,796
Profit on deposit with banks		693,238	117,675
Other income	25	5,524,037	2,277,721
		58,272,154	52,138,428
Expenditure			
Finance cost	26	3,122,524	1,244,801
Administrative expenses	27	35,251,432	39,592,686
		38,373,956	40,837,487
Operating profit before taxation		19,898,198	11,300,941
Realized gain on re-measurement PSX shares transferred from unrealized gain		51,614,948	-
Profit before taxation		71,513,146	11,300,941
Taxation	28	(13,029,199)	(2,493,341)
Net profit after tax		58,483,947	8,807,600
Other comprehensive Income			
Unrealized (loss) / gain on re-measurement of PSX shares		(8,956,537)	78,978,194
Total comprehensive income - net of tax		49,527,410	87,785,794
Earning per share - basic and diluted	29	1.137	0.171

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	<-----Rupees----->	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	71,513,146	11,300,941
Adjustment for non cash and other items		
Depreciation	1,831,778	1,910,201
Loss / (gain) on disposal of shares	(1,748,226)	(8,626,796)
Gain on disposal of fixed assets	(212,287)	(726,043)
Gain on sale of government securities	-	(2,522,732)
Realized gain on remeasurement PSX shares	(51,614,948)	-
Provision for gratuity	-	325,000
	(51,743,683)	(9,640,370)
Cash flows from operating activities before working capital changes	19,769,463	1,660,572
(Increase)/decrease in operating assets		
Increase in financing and placements	(122,770,622)	(46,560,976)
Decrease / (Increase) in loans and advances	608,158	(622,274)
Increase in deposits and prepayments	(1,837,288)	(96,902)
Decrease / (Increase) in accrued interest	8,302,912	(16,905,651)
	(115,696,840)	(64,185,802)
Increase / (decrease) in operating liabilities		
Increase / (Decrease) in deposits	-	(21,412,373)
(Decrease) / Increase in accrued and other liabilities	(1,040,231)	19,231,525
	(1,040,231)	(2,180,848)
Net change in operating assets and liabilities	(116,737,071)	(66,366,650)
Long term financing	4,823,544	-
Income tax paid	(500,967)	(561,658)
Gratuity paid	-	(325,000)
	4,322,577	(886,658)
Net cash used in operating activities	(92,645,031)	(65,592,737)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	1,596,500	2,453,000
Purchase of fixed assets	(1,859,843)	(2,704,975)
Sale of investments - shares	1,607,374	13,418,075
Sale of PSX shares	67,324,040	21,761,271
Net cash generated from investing activities	68,668,071	34,927,372
CASH FLOW FROM FINANCING ACTIVITIES		
Bank Borrowings	37,398,225	-
Net increase / (decrease) in cash and cash equivalents	13,421,265	(30,665,365)
Cash and cash equivalents at the beginning of the year	21,420,657	52,086,022
Cash and cash equivalents at the end of the year	34,841,922	21,420,657

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital (Note 15)		Statutory Reserve (Note 16)	Accumulated loss	Unrealized gain on re- measurement of 'available for sale' 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
Total comprehensive income for the year ended December 31, 2016				8,807,600	78,978,194	87,785,794
Statutory reserve	-	1,773,254		(1,773,254)	-	-
Balance as at 31 December 2016	514,335,580	147,316,381		(138,830,727)	78,978,194	601,799,428
Total comprehensive income for the year ended December 31, 2017	-	-		58,483,947	(60,571,485)	(2,087,538)
Appropriation :						
Statutory reserve	-	12,135,782		(12,135,782)	-	-
Balance as at 31 December 2017	514,335,580	159,452,163		(92,482,562)	18,406,709	599,711,890

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. THE GROUP AND ITS OPERATIONS

- 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 (the holding company) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The holding company 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 the holding company is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad.

The holding company 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).

During the year, the holding company has not got its credit rating renewed as the holding company has curtailed the status of deposit taking. Previously, JCR - VIS Credit Rating Company Limited has placed the rating of the holding company 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.

During the previous year, the holding company 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 holding company and the subsidiary, the holding company ceded the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of Pakistan Stock Exchange Limited (PSX) and PMEX membership card to the subsidiary.

During the current year, the TREC has been transferred by the PSX in the name of the subsidiary. However, the shares of PSX and PMEX card have 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 balance sheet date."

- 1.3** Security Capital & Investments (Private) Limited (the subsidiary company) is a private company limited by shares incorporated in Pakistan on Febraury 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

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Therefore 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."

The SECP has deferred the applicability of International Accounting Standards, IAS-39, 'Financial Instruments: Recognition and measurement' through Circular No. 19 dated August 13, 2003 to NBFCs providing investment finance services, discounting services and housing finance services. The SECP has also deferred the applicability of International Financial Reporting Standard, IFRS-7, 'Financial Instruments: Disclosures' through Circular No. 411(I)/2008 dated April 28, 2008 to NBFCs providing investment

finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

2.2 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for held for trading and available for sale investments and gratuity which are stated at fair value. In these consolidated financial statements, except for the amount reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees which is the functional and presentation currency of the holding company and rounded to the nearest Rupee.

2.4 Standards, Interpretations and Amendments to Approved Accounting Standards That are Not Yet Effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 2 Share-based Payment - (Amendment)	January 1, 2018
IFRS 3 Business Combinations - (Amendment)	January 1, 2019
IFRS 9 Financial Instruments - (Amendment)	January 1, 2018
IFRS 11 Joint Arrangements - (Amendment)	January 1, 2019
IFRS 12 Disclosure of Interests in Other Entities - (Amendment)	January 1, 2017
IFRS 15 Revenue from Contracts With Customers	January 1, 2018
IAS 1 Presentation of Financial Statements - (Amendment)	January 1, 2017
IAS 12 Income Taxes - (Amendment)	January 1, 2017
IAS 19 Employee Benefits - (Amendment)	January 1, 2019
IAS 23 Borrowing Costs - (Amendment)	January 1, 2019
IAS 28 Investments in Associates and Joint Ventures - (Amendment)	January 1, 2018
IAS 40 Investment Property - (Amendment)	January 1, 2018
IFRS 10 - Consolidated Financial Statements - (Amendment)	January 1, 2017
IFRS 11 - Joint Arrangements - (Amendment)	January 1, 2017
IAS 16 - Property, Plant and Equipment - (Amendment)	January 1, 2017
IAS 27 - Separate Financial Statement - (Amendment)	January 1, 2017
IAS 28 - Investments in associates and joint ventures - (Amendment)	January 1, 2017
IAS 38 - Intangible Assets - (Amendment)	January 1, 2017
IFRS 2 Share-based Payment	

The Bank expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application.

The Following new standards have been issued by the IASB, but have not yet been notified by the SECP for.

Standard or Interpretation	IASB Effective date (annual periods)
IFRS 1 - First time Adoption of International Financial Reporting Standards	July 1, 2009
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

- (a) determining the residual values and useful lives of property and equipment (Note 5)
- (b) classification of investments (Note 8 and 11)
- (c) recognition of taxation and deferred tax (Note 9 and 28) and
- (d) accounting for post employment benefits (Note 31)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 (a) controls the composition of the board; or (b) exercises or controls more than one-half of its voting securities either by itself or together with one or more of its subsidiary companies. 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.

3.2 Property, Plant and Equipment

Assets are stated at cost less accumulated depreciation.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 5 to these consolidated financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are included in current year's income. Major renewals and repairs are capitalized.

Fully depreciated assets are being kept at token value of Rs. 1/- each.

3.3 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

3.3.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

3.4 Impairment

The carrying amount of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.5 Investments

Held-to-maturity

Investment with fixed maturity where management has both the intent and ability to hold to maturity, are classified as held-to-maturity.

Available-for-sale

Investments intended to be held for an indefinite period of time which may be sold in response to needs for liquidity or changes to interest rates, exchange rates or equity prices are classified as available-for-sale.

Held-for-trading

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held-for-trading.

All Investments are initially recorded at cost, being the fair value of the consideration given.

Subsequent to initial recognition, investments available for sale and investments held for trading for which active market exists, are measured at market value using rates quoted on stock exchange quotes and broker's quotations, in accordance with the requirements of circulars issued by State Bank of Pakistan. In case of available for sale investments, any difference between the carrying value and the revalued amount is taken to surplus/ (deficit) on revaluation of investments account, until realized on disposal. At the time of disposal the respective surplus or deficit is transferred to income currently. Amortization cost is charged to profit and loss account.

Investments held till maturity are stated at amortized cost using the effective interest rate method less impairment, if any. The amortization for the period has been charged to the profit and loss account.

3.6 Securities under repurchase / reverse repurchase agreement

Transactions of repurchase / resale of government securities, term finance certificates and shares are entered into at contracted rates for specified period of time and are accounted for as follows:

Repurchase agreements

The securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. Amounts received under these agreements are included in borrowings from institutions. The difference between sale and repurchase price is treated as mark-up on borrowings from institutions and accrued as expense over the life of the repo agreement.

Reverse repurchase agreements

The securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these obligations are included in placements. The difference between purchase and resale price is accrued as income over the life of the reverse repo agreement.

3.7 Trade date and settlement date accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

3.8 Staff retirement benefits

Defined contribution plan

The Holding Company operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the Holding Company and the employee, to the fund @10% of basic salary.

3.9 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Financial instruments

All financial assets and financial liabilities are recognized at the time when Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

3.12 Classification of deposits and financing

Deposits and financing are classified as long and short term considering the remaining period at the balance sheet date.

3.13 Cash and cash equivalents

Cash and Cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and deposit account and short term clean placement.

3.14 Provisions

Provisions are recognized when the Group has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.15 Revenue

Income on financing, placement, government securities, profit on deposits and term finance certificates are generally recognized on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognized on receipts basis.

Dividends on equity investments are recognized as income when the right to receive payment is established.

Income from capital gains is recognized on earned basis.

Fee, commission, liquidated damages etc. are recorded on earned basis except which is spread over the time proportion.

3.16 Finance cost

Finance cost includes return on deposits and borrowings which are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

3.17 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax rebates and credits, if any, or at 1.25% of turnover whichever is higher.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the balance sheet date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred tax on surplus / (deficit) on revaluation of investments is charged or credited directly to the same account.

3.18 Related party transactions

The Group enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admisthe holding company valuation methods.

3.19 Provision for doubtful debts on financing

Provision is made against doubtful receivable in pursuance of Securities & Exchange Commission of Pakistan's NBFC and Notified Entities Regulations 2008.

3.20 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

5 Property, plant and equipment

(In Rupees)

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2017	
	As at January 01, 2017	Additions	(Deletions)		As at January 01, 2017	Charge for the year	(Adjustment)		As at December 31, 2017
	As at December 31, 2017								
Computer and equipments	3,525,931	417,534	(515,415)	3,428,050	20%	582,613	(512,902)	1,936,200	1,491,850
Furniture and fixtures	8,257,467	442,384	-	8,699,851	10%	849,890	-	2,243,333	6,456,518
Generator	582,736	-	-	582,736	10%	58,275	-	485,707	97,029
Sign board	64,271	-	-	64,271	10%	928	-	37,710	26,561
Telephone system	289,982	12,400	-	302,382	10%	26,829	-	99,256	203,126
Vehicles	1,801,155	987,525	(1,801,154)	987,526	20%	313,243	(419,454)	(79,946)	1,067,472
2017	14,521,542	1,859,843	(2,316,569)	14,064,816		1,831,778	(932,356)	4,722,260	9,342,555

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2016	
	As at January 01, 2016	Additions	(Deletions)		As at January 01, 2016	Charge for the year	(Adjustment)		As at December 31, 2016
	As at December 31, 2016								
Computer and equipments	2,617,028	935,903	(27,000)	3,525,931	20%	571,050	(26,999)	1,866,489	1,659,442
Furniture and fixtures	8,257,467	-	-	8,257,467	10%	819,334	-	1,393,443	6,864,024
Generator	582,736	-	-	582,736	10%	58,274	-	427,432	155,304
Sign board	37,716	26,555	-	64,271	10%	5,544	-	36,782	27,489
Telephone system	252,639	37,343	-	289,982	10%	26,820	-	72,427	217,555
Vehicles	4,509,331	1,705,174	(4,413,350)	1,801,155	20%	429,179	(2,748,407)	26,265	1,774,890
2016	16,256,917	2,704,975	(4,440,350)	14,521,542		1,910,201	(2,775,406)	3,822,838	10,698,704

5.1 Cost and accumulated depreciation as at the end of the year include Rs. 538,973/- (2016 : Rs. 860,888/-) in respect of fully depreciated assets still in use.

5.2 Schedule of disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Gain / (Loss)	Sold to	Mode of disposal
Vehicle - Toyota Corolla	1,801,154	437,080	1,364,074	1,579,000	214,926	Muhammad Sohaib Sheikh	Negotiation
Others							
Items having book value less than Rs. 50,000 each	515,415	495,276	20,139	17,500	(2,639)	various parties	Negotiation
	2,316,569	932,356	1,384,213	1,596,500	212,287		

	2017	2016
Note	<-----Rupees----->	
6 Intangible assets		
Corporate membership of the Pakistan Mercantile Exchange Limited	2,500,000	750,000
TREC of Pakistan Stock Exchange Limited	5,000,000	5,000,000
	<u>7,500,000</u>	<u>5,750,000</u>
7 Long term financing		
Murabaha financing		
<i>Related Parties - Secured and considered good</i>		
Associated Companies - Murabaha finance	21,135,840	29,642,147
Others	6,719,717	7,727,021
Less Deferred Murabaha finance	(2,260,448)	(5,045,842)
Murabaha receivable	25,595,109	32,323,326
Less: Current maturity	(12,652,463)	(14,557,136)
	<u>12,942,646</u>	<u>17,766,190</u>
7.1 These represent financing of the holding company regarding vehicle on morabaha basis against hypothecation of vehicles & machinery for a period of 3 years to 5 years, carrying mark up 1 Year KIBOR + 3% per anum (2016: 1 Year KIBOR+3%).		
8 INVESTMENT IN SHARES OF PSX - AVAILABLE FOR SALE		
Cost	17,499,438	33,208,530
Unrealised gain	18,406,709	78,978,194
	<u>35,906,147</u>	<u>112,186,724</u>
8.1 It represents the 1,602,953 (Dec 31, 2016: 4,007,383) shares of PSX at fair value of Rs. 22.40/- (December 31, 2016: Rs. 28.00/- per share) per share.		
8.2 The inter-company profit Rs. 7,026,712 was not eliminated from the consolidated financial statements and the market value of the shares was also understated by Rs. 20,000 for the year ended December 31, 2016. As a result the unrealised gain was understated by Rs. 7,046,712 as at December 31, 2016. During the year, the error has been corrected and the amounts are restated accordingly.		
Effect on Earnings per share for the year ended December 31, 2016 is Rs. 0.035 (restated); before the restatement it was Rs. 0.171.		
9 Deferred tax asset - net		
<i>Deferred tax assets arising in respect of:</i>		
Accelerated depreciation	(543,051)	538,128
Tax losses	9,142,884	17,577,974
	<u>8,599,833</u>	<u>18,116,102</u>
9.1 Movement in deferred tax asset		
Opening balance	18,116,102	20,254,890
Reversal during the year	(9,516,269)	(2,138,788)
Closing balance	<u>8,599,833</u>	<u>18,116,102</u>
9.2 The holding company has an aggregate amount of Rs. 30.476 million (2016: Rs. 56.703 million) in respect of unabsorbed tax losses as at December 31, 2017 on which the management has recognized deferred tax asset of Rs. 6.3 million (2016: Rs. 17.578 million). The management of the holding company believes that based on the projections of future taxable profit it would be able to realize these tax losses in the future.		

		2017	2016
	Note	<-----Rupees----->	
10 Short term financing - secured and considered good			
Associated companies	10.1	371,340,338	277,500,000
Others		30,834,957	-
Current maturity of long term financing		<u>12,652,463</u>	14,557,136
		<u>414,827,758</u>	<u>292,057,136</u>

10.1 These financings of the holding company are secured by hypothecation or a charge on assets of customers, pledge of certificate of deposits and pledge of listed shares. The mark-up rates are 12% per annum (2016: 12% to 14% per annum).

11 Short term investments

Available for sale

Pakistan Investment Bonds	11.1	-	-
Term Finance Certificates	11.1	5,836,219	5,836,219
Quoted shares	11.1	-	1,497,685
		<u>5,836,219</u>	<u>7,333,904</u>

11.1 Securities given as collateral under repurchase agreements.

	Note	2017			2016		
		Held by the Bank	Repo	Total	Held by the Bank	Repo	Total
..... Rupees							
Pakistan Investment Bonds		-	-	-	-	-	-
Term Finance Certificates	11.2.1	5,836,219	-	5,836,219	5,836,219	-	5,836,219
Quoted Shares	11.2.2	-	-	-	1,497,685	-	1,497,685

11.2.1 Particulars of listed Term Finance Certificates (TFC) :

Issuer of TFC	No. of Certificates	2017		2016			
		Cost	Market Value	Cost	Market value		
..... Rupees							
	2017	2016					
Telecard Limited	11.2.2.1	5,000	5,000	7,781,625	5,836,219	7,781,625	5,836,219

11.2.2.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Telecard Limited	5,000	3.75% over 6 months KIBOR.	Semi-annually	Originally Eight years from May 2005. Then rescheduled upto May 27, 2015. Now it is restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR+0%.
Valuation of certificates	5,000			
Redemption upto December 31, 2017	<u>3,467</u>			
Balance as at December 31, 2017	<u>1,533</u>			

11.2.2.2 Telecard has restructured its TFCs redemption schedule on December 30, 2011 relating to the default of payment of redemption due on May 27, 2011, without any consequences or delay penalties after the approval obtained by the Company from the TFC holders upon Company's request. The said restructuring has resulted in lower current maturity. As a result, the last redemption date has been extended to May 27, 2015, instead of the revised final redemption date of November 27, 2013. Now in the year 2015 it is restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR + 0%.

The TFCs are secured against a first specific charge over the fixed assets of the company, aggregating to Rs. 800 million and specific charge over the intangible assets (frequency spectrum) procured from the PTA.

11.2.2 Quoted Shares

All shares / units have face value of Rs. 10/- each unless identified otherwise.

2017	2016	2017		2016		
		Cost	Market Value	Cost	Market Value	
No. of ordinary shares, certificates / units		Rupees				
		Fertilizer				
-	6,000	Fauji Fertilizer Company Limited	-	-	711,322	634,445
-	1,000	Engro Corporation Limited			336,034	316,090
		Oil and Gas Companies				
-	8,500	Byco Petroleum Pakistan Limited	-	-	208,883	197,200
		Pharmaceuticals				
-	1,500	Glaxo	-	-	351,135	349,950
-	17,000		-	-	1,607,374	1,497,685

12	Loans and advances	Note	2017	2016
			<-----Rupees----->	
	Advances - considered good			
	For expenses		1,845,443	2,652,913
	For office premises		2,500,000	2,500,000
	Advance income tax less payments and provision for tax		84,536,575	87,351,000
			<u>88,882,018</u>	<u>92,503,913</u>

		2017	2016
	Note	←-----Rupees-----→	
13 Deposits, prepayments and other receivables			
Security deposits		1,526,880	1,569,368
PMEX exposure limits	13.1	1,212,927	1,212,927
KSE exposure limits		1,250,000	1,254,809
Prepayments		910,386	1,470,857
Other receivables - considered good		5,641,731	3,196,673
		<u>10,541,924</u>	<u>8,704,636</u>
13.1	This represents interest bearing security deposits of Rs. 701,000 (2016: 701,000) which carries markup at the rate of 4% to 4.50 % (2016: 4% to 4.5%).		
14 Accrued interest			
Income receivable	14.1	41,139,793	49,442,705
		<u>41,139,793</u>	<u>49,442,705</u>
14.1 Income receivable			
Considered good			
Not due	14.1.1	41,139,793	49,442,705
14.1.1	This represents income on financing and government securities not matured / due on December 31, 2017.		
15 Cash and bank balances			
With State Bank of Pakistan in			
- Current account		29,935	97,197
With other banks in			
- Current accounts		2,111,201	8,114,189
- Deposit accounts	15.1	32,684,355	13,173,395
		34,795,556	21,287,584
Cash in hand		16,431	35,876
		<u>34,841,922</u>	<u>21,420,657</u>
15.1	Rate of return on these deposits accounts range from 3% to 4% per annum (2016 : 3% to 4% per annum).		
16 Issued, subscribed and paid-up capital			
		Number of shares	
		<u>2017</u>	<u>2016</u>
		23,552,000	23,552,000
		23,552,000	23,552,000
		27,881,558	27,881,558
		27,881,558	27,881,558
		51,433,558	51,433,558
		<u>51,433,558</u>	<u>51,433,558</u>
17 Statutory reserves			
Capital reserves			
Statutory reserves	17.1	159,452,163	147,316,381
17.1	This reserve is created @ 20% of profit for the year from ordinary activities after taxation in compliance with Regulation No.16 of NBFCs and Notified Entities Regulations 2008.		

	2017	2016
18 Deficit on revaluation of investments - net of tax	<i>Note</i>	<i><-----Rupees-----></i>
Term Finance Certificates	(1,945,406)	(1,945,406)
Quoted shares	-	(109,689)
	<u>(1,945,406)</u>	<u>(2,055,095)</u>
19 Short term deposits		
Others	7,700,000	7,700,000
	<u>7,700,000</u>	<u>7,700,000</u>
20 Bank Borrowing		
Short term running finance	<u>37,398,225</u>	<u>-</u>
20.1	The holding company has availed running finance facility from Summit Bank with a limit of Rs. 50.0 million @ 3 months KIBOR+4%. The facility is secured against Rs. 58 million book debts of the holding company.	
21 Accrued and other liabilities		
Accrued expenses		
Return on deposits from		
- individuals	-	-
- Others	170,877	170,877
	170,877	170,877
Other liabilities		
Unclaimed dividend	2,094,583	2,094,583
Others		
- related party	21,718,314	17,276,632
- others	3,512,332	8,994,245
	25,230,646	26,270,877
	<u>27,496,106</u>	<u>28,536,337</u>
22 Contingencies and commitments		
22.1 Contingencies		
Guarantees issued on behalf of customer:		
- Associated undertaking	<u>14,203,000</u>	<u>14,584,900</u>
- Others	<u>50,000,000</u>	<u>50,000,000</u>
22.2 Commitments		
There were no commitment as at the balance sheet date (December 2016: Nil).		
23 Return on financing and placements		
Financing		
Demand finance	48,166,257	33,198,826
Morahaba financing	1,482,070	1,125,447
Lease Finance	1,281,054	604,492
Placements		
With financial Institution:		
Secured against reverse repurchase agreements of quoted	-	-
Unsecured	82,738	1,101,660
	<u>51,012,119</u>	<u>36,030,425</u>

	2017	2016
	<-----Rupees----->	
24 Return on securities		
Return on government securities	-	1,275,529
Return on TFC	475,500	485,253
Gain on revaluation of trade investment	-	-
Gain on sale of government securities	-	2,522,732
Dividend income	569,034	802,297
	<u>1,044,534</u>	<u>5,085,811</u>
Other income		
25 Gain on sale of fixed assets	212,287	726,043
Commission	686,136	645,271
Miscellaneous	4,625,614	906,407
	<u>5,524,037</u>	<u>2,277,721</u>
Finance cost		
26 Return on certificate of deposits	3,122,524	1,225,196
Return on borrowings under repurchase agreement	-	19,605
	<u>3,122,524</u>	<u>1,244,801</u>
27 Administrative expenses		
Salaries, wages and other benefits	19,088,884	19,485,706
Contribution to provident fund	31 445,572	649,373
Gratuity scheme expense	-	325,000
Rent, rates and taxes	2,299,220	2,352,260
Telephone, telex and fax	772,013	872,397
Electricity, water and gas	766,085	761,439
Printing, postage and stationery	512,807	201,749
Insurance	542,187	928,245
Fees and membership	2,899,353	2,974,600
Brokerage and commission	441,795	49,704
Central Depository Company charges	679,990	448,310
Auditors' remuneration	27.1 497,870	391,890
Legal and professional fees	1,291,215	2,121,020
Vehicle running and maintenance	743,274	1,057,944
Repairs and maintenance	448,153	1,588,931
Advertisement	413,204	1,441,010
Travelling, Conveyance and entertainment	1,140,109	1,241,376
Depreciation	5 1,831,778	1,910,201
Bank charges	6,924	51,461
Old age benefit	140,400	144,588
Books, periodicals & newspapers	29,733	59,431
Other expenses	260,866	536,051
	<u>35,251,432</u>	<u>39,592,686</u>
27.1 Auditors' remuneration		
Statutory audit fee	466,620	360,000
Out of pocket expenses	31,250	31,890
	<u>497,870</u>	<u>391,890</u>

		2017	2016
	<i>Note</i>	<-----Rupees----->	
28 Taxation			
Current			
- for the year	28.1	(3,512,930)	(320,156)
Deferred			
- opening balance		(18,116,102)	(20,289,287)
- closing balance		8,599,833	18,116,102
		(9,516,269)	(2,173,185)
		(13,029,199)	(2,493,341)

28.1 The provision for taxation for the current year has been made by applying alternate corporate tax to companies on income not covered under fixed / final tax regime; and applying respective rates applicable to income covered under fixed / final tax regime.

The declared results for Assessment years 1993-94, 1994-95 were accepted whereas return of income in respect of Tax years 2004, 2009, 2010 and 2017, are deemed to be assessed in terms of section 120(1)(b) of the Income Tax Ordinance, 2001 (the "Ordinance").

The return of income furnished for assessment year 1995-96 to 2001-02 were filed in the status of a public company. However, the status of a banking company was assigned to the holding company by the tax department and certain disallowances were made in the profit and loss expenses. For the assessment year 1995-96 to 2000-01 issues were settled in favor of the holding company by the Appellate Tribunal Inland Revenue (the "ATIR").

Assessment in respect of tax year 2008 was amended vide order dated December 24, 2009 issued under section 122 of the Ordinance by Deputy Commissioner Inland Revenue (the "DCIR") creating tax demand of Rs. 37,791,566. the holding company filed an appeal before CIR(A), which was decided in favor of tax department and the holding company filed a second appeal before ATIR which was also decided mostly against the holding company.

The holding company has filed a reference application before Islamabad High Court against the said order of ATIR. The date of hearing has not yet been fixed.

No additional provision has been made against this demand as the management is confident that reference application will be decided in favour of the holding company.

The return filed by the holding company was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was duly responded. And on the basis of reply submitted and hearing with the officer the return was amended under section 122(5) creating a tax demand amounting Rs. 14,460,027. Being aggrieved with the assessment, an appeal against the said order was submitted before the Commissioner Inland Revenue (Appeals-I) which has been heard for order.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. A rectification application was filed which was rejected. The order of DCIR was contested before CIR (A) who remanded back the case to DCIR for further verification. No further notice in this regard has been received by the Company.

The returns filed by the holding company for the said years were selected for audit under section 177 of the Ordinance, online showcase notices were issued but adjournment was asked. However no further action has been taken by the authorities in this regard.

28.2 Relationship between tax expense and accounting profit

The numerical reconciliation between tax expense and accounting profit has not been presented for in these consolidated financial statements as the income of the holding company is either subject to minimum tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

28.3 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% on every public company other than a scheduled bank or modaraba, that derives profits for tax a year but does not distribute 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

29 Earnings per share- basic and diluted

	2017	2016
Note	<-----Rupees----->	
Rs.	<u>58,483,947</u>	8,807,600
	<u>51,433,558</u>	51,433,558
Rs.	<u>1.137</u>	<u>0.171</u>

29.2 Diluted

No figure for diluted earnings per share has been presented as the Group has not issued any instrument that would have an impact on its earnings exercised.

30 Staff strength

Number of employees at end of the year	<u>16</u>	<u>26</u>
Average number of employees during the year	<u>16</u>	<u>26</u>

31 Defined contribution plan

An amount of Rs. 0.446 million (2016: Rs.0.649 million) has been charged during the year in respect of contributory provident fund maintained by the holding company.

31.1 Disclosure relating to provident fund

The holding company operates a recognized Provident Fund (the Fund) for its permanent employees

	2017	2016	2017	2016
	<----Percentage----->		<-----Rupees----->	
(i) Size of Fund			6,629,575	8,626,129
(ii) Cost of investments made			6,522,626	7,373,508
(iii) Percentage of investments made			98.39	85.48
(iv) Fair value of investments in government securities			3,064,000	3,791,350

Break up of the investments is as follows:

Bank balance	52.17	41.53	3,458,626	3,582,158
Government securities	46.22	43.95	3,064,000	3,791,350

31.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

32 Remuneration of chief executive and directors

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	<-----Rupees----->					
Director's meeting fees	-	-	910,000	1,100,000	-	-
Managerial remuneration	4,494,000	3,670,100	-	-	3,950,668	7,946,000
Bonus	374,500	374,500	-	-	278,000	522,000
Medical expenses	374,496	144,444	-	-	297,949	510,203
Provident fund	-	-	-	-	478,184	470,301
Other benefits	705,300	696,530	-	-	-	-
	<u>5,948,296</u>	<u>4,885,574</u>	<u>910,000</u>	<u>1,100,000</u>	<u>5,004,801</u>	<u>9,448,504</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>7</u>

In addition to above the holding company provides free use of the holding company's maintained cars to its Chief Executive and other Senior Executives.

33 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis at Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The table below summarizes the maturity profile of the Group's assets and liabilities.

34 Maturities of assets and liabilities

	2017			
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Tangible fixed assets	9,342,556	-	-	9,342,556
Intangible assets	7,500,000	-	-	7,500,000
Long term Investment	35,906,147	-	-	35,906,147
Deferred tax asset	8,599,833	-	8,599,833	-
Long term financing	25,595,109	12,652,463	12,942,646	-
Short term financing	402,175,295	402,175,295	-	-
Short term investments	5,836,219	5,836,219	-	-
Loans and advances	88,882,018	88,882,018	-	-
Deposits, prepayments and other	10,541,924	10,541,924	-	-
Accrued interest	41,139,793	41,139,793	-	-
Cash and bank balances	34,841,922	34,841,922	-	-
	670,360,815	596,069,634	21,542,479	52,748,703
Liabilities				
Borrowings	37,398,225	37,398,225	-	-
Short term deposits	7,700,000	7,700,000	-	-
Accrued expenses and other liabilities	27,496,106	27,496,106	-	-
	72,594,331	72,594,331	-	-
Net assets	597,766,484	523,475,303	21,542,479	52,748,703
Represented by:				
Share capital		514,335,580		
Accumulated loss		(92,482,562)		
Statutory reserves		159,452,163		
Unrealized gain on re-measurement of 'available for sale' investments to fair value -		18,406,709		
Deficit on revaluation of investments - net of		(1,945,406)		
		<u>597,766,484</u>		

	2016			
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Tangible fixed assets	10,698,704	-	-	10,698,704
Intangible assets	5,750,000	-	-	5,750,000
Long Term Investment	112,186,724	-	-	112,186,724
Deferred tax asset	18,116,102	-	18,116,102	-
Long Term Financing	17,766,190	14,557,136	3,209,054	-
Short term financing	292,057,136	292,057,136	-	-
Short term investments	7,333,904	7,333,904	-	-
Loans and advances	92,503,913	92,503,913	-	-
Deposits, prepayments and other	8,704,636	8,704,636	-	-
Accrued Interest	49,442,705	49,442,705	-	-
Cash and bank balances	21,420,657	21,420,657	-	-
	635,980,670	486,020,087	21,325,156	128,635,428
Liabilities				
Short term deposits	7,700,000	7,700,000	-	-
Accrued expenses and other liabilities	28,536,337	28,536,337	-	-
	36,236,337	36,236,337	-	-
Net assets	599,744,333	449,783,750	21,325,156	128,635,428
Represented by:				
Share capital	514,335,580			
Accumulated loss	(138,830,727)			
Statutory reserves	147,316,381			
Unrealized gain on re-measurement of 'available for	78,978,194			
Deficit on revaluation of investments - net of tax	(2,055,095)			
	599,744,333			

35 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic,

political or other conditions. Concentration of credit risk indicate the relative sensitivity of a Bank's performance to developments affecting a particular industry.

The Group follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the SECP and SBP. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of Industry / sector analysis of finance portfolio is given below:

35.1	Finance	2017		2016	
		Rupees	%	Rupees	%
	Cables and electric goods	292,057,136	100.00	309,823,326	100.00
		292,057,136	100.00	309,823,326	100.00

35.2 Geographical Segment

These consolidated financial statements represent operations of the Group in Pakistan only.

36 Market risk

The Group's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the Group's activities include interest rate risk, currency risk and other price risk.

36.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. the Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or reprice in a given period. the Group manages this risk by matching the repricing of assets and liabilities.

The Group's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

31 December 2017					
Description	Total	Exposed to Interest Rate/ Yield Risk			Not Exposed to Interest Rate/ Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Investment in shares of PSX	35,906,147	-	-	-	35,906,147
Long term financing	25,595,109	12,652,463	12,942,646	-	-
Short term financing	402,175,295	402,175,295	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Short term investments in quoted shares	-	-	-	-	-
Investment in Government Bonds	-	-	-	-	-
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	9,631,538	-	-	-	9,631,538
Accrued interest	41,139,793	-	-	-	41,139,793
Balances with banks and cash in hand	34,841,922	32,684,355	-	-	2,157,567
Total	557,626,023	453,348,332	12,942,646	-	91,335,045
Financial liabilities					
Deposits	7,700,000	7,700,000	-	-	-
Bank Borrowing	37,398,225	37,398,225	-	-	-
Profit accrued on deposits and borrowings	170,877	-	-	-	170,877
Accrued and other liabilities	27,325,229	-	-	-	27,325,229
Total	72,594,331	45,098,225	-	-	27,496,106
Total interest rate sensitivity gap		408,250,107	12,942,646	-	63,838,939
Cumulative interest rate sensitivity gap		408,250,107	421,192,753	421,192,753	
31 December 2016					
Description	Total	Exposed to Interest Rate/ Yield Risk			Not Exposed to Interest Rate/ Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Investment in the shares of PSX	112,186,724	-	-	-	112,186,724
Long term financing	17,766,190	1,383,600	16,382,590	-	-
Short term financing	292,057,136	292,057,136	-	-	-
Short term investments in TFC's	5,836,219	5,836,219	-	-	-
Short term investments in quoted shares	1,497,685	-	-	-	1,497,685
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	7,233,777	-	-	-	7,233,777
Accrued interest	49,442,705	-	-	-	49,442,705
Balance with bank and cash in hand	21,420,657	13,173,395	-	-	8,247,262
Total	509,961,092	312,450,350	16,382,590	-	181,108,152
Financial liabilities					
Deposit	7,700,000	7,700,000	-	-	-
Profit accrued on deposits and borrowings	170,877	-	-	-	170,877
Accrued and other liabilities	28,365,460	-	-	-	28,365,460
Total	36,236,337	7,700,000	-	-	28,536,337
Total interest rate sensitivity gap		304,750,350	16,382,590	-	152,571,815
Cumulative interest rate sensitivity gap		304,750,350	321,132,940	321,132,940	

Mark-up rates are mentioned in the respective notes to these consolidated financial statements.

36.2 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

36.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions."

37 Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The holding company is exposed to externally imposed capital requirements.

The Securities and Exchange Commission of Pakistan has notified amendments in the 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 Board of Directors in its meeting held on September 07, 2016 had resolved to continue the Company's IFS License as Non Deposit taking Lending NBFC and accordingly the Company is in compliance with Minimum Capital Requirement as stipulated in the NBFC Regulations 2008.

38 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The carrying value of financial assets and financial liabilities approximate their fair values as reflected in the consolidated financial statements.

39 Transactions 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 shareholders and their close family members, key management personnel and retirement benefit funds. The Group 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 given under note 31 to the consolidated financial statements, are as follows;

	2017	2016
	<-----Rupees----->	
Financing		
<i>Balance as at year end</i>		
- Associated undertakings	<u>371,340,338</u>	<u>292,057,136</u>
- Others	<u>30,834,957</u>	<u>-</u>
Return on financing		
<i>Transactions during the year</i>		
- Associated undertakings	<u>44,772,355</u>	<u>33,198,826</u>
- Others	<u>3,393,902</u>	<u>-</u>
Short term deposits		
<i>Balance as at year end</i>		
- Others	<u>7,700,000</u>	<u>7,700,000</u>
Return on deposits		
<i>Transactions during the year</i>		
- Associated undertakings	<u>-</u>	<u>1,249,482</u>
Guarantee issued		
<i>Balance as at year end</i>		
- Associated undertakings	<u>14,203,000</u>	<u>14,584,900</u>
- Others	<u>50,000,000</u>	<u>50,000,000</u>
Other transactions during the year		
Contribution to staff provident fund	<u>445,572</u>	<u>649,373</u>
Contribution to staff gratuity fund	<u>-</u>	<u>325,000</u>
Commission income	<u>91,000</u>	<u>179,640</u>

40 Figures

40.1 Figures have been rounded off to the nearest rupee.

40.2 Comparative information has been re-classified or re-arranged, wherever necessary, for the purpose of better presentation.

41 Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors of the holding company on _____.

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

KARIM MUHAMMAD MUNIR
DIRECTOR

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2017

Number of shareholders	Shareholding		Total number of shares held	Percentage %
	From	To		
808	1	100	30,332	0.06%
491	101	500	121,471	0.24%
232	501	1000	187,800	0.37%
470	1001	5000	797,339	1.55%
60	5001	10000	432,981	0.84%
25	10001	15000	311,890	0.61%
6	15001	20000	107,973	0.21%
8	20001	25000	185,090	0.36%
6	25001	30000	165,930	0.32%
4	30001	35000	131,726	0.26%
2	40001	45000	85,602	0.17%
1	45001	50000	45,172	0.09%
4	50001	55000	210,127	0.41%
1	55001	60000	60,000	0.12%
1	60001	65000	65,000	0.13%
2	65001	70000	138,575	0.27%
1	75001	80000	79,627	0.15%
1	100001	105000	100,500	0.20%
1	135001	140000	139,200	0.27%
5	160001	165000	814,843	1.58%
1	170001	175000	175,000	0.34%
1	205001	210000	208,236	0.40%
2	230001	235000	466,758	0.91%
1	375001	380000	375,463	0.73%
1	380001	385000	384,000	0.75%
1	395001	400000	397,500	0.77%
1	490001	495000	495,000	0.96%
1	585001	590000	585,572	1.14%
1	695001	700000	700,000	1.36%
1	705001	710000	706,977	1.37%
1	915001	920000	917,841	1.78%
1	925001	930000	926,234	1.80%
1	1085001	1090000	1,089,900	2.12%
1	1110001	1115000	1,114,392	2.17%
1	1160001	1165000	1,160,500	2.26%
1	1175001	1180000	1,178,581	2.29%
1	1570001	1575000	1,573,550	3.06%
1	1825001	1830000	1,825,050	3.55%
2	2225001	2230000	4,453,120	8.66%
1	2230001	2235000	2,232,482	4.34%
1	2260001	2265000	2,262,698	4.40%
1	2375001	2380000	2,377,947	4.62%
1	2795001	2800000	2,796,114	5.44%
1	2920001	2925000	2,923,849	5.68%
1	3650001	3655000	3,650,100	7.10%
1	4945001	4950000	4,945,316	9.61%
1	7300001	7305000	7,300,200	14.19%
2,158			51,433,558	100

Categories of shareholders	Number of shareholder	Shares held	Shares held %
INDIVIDUALS	2111	44,872,333	87.24
INVESTMENT COMPANIES	5	3229	0.00
INSURANCE COMPANIES	3	375702	0.73
JOINT STOCK COMPANIES	29	3434285	6.68
FINANCIAL INSTITUTIONS	4	3879	0.01
MODARABA COMPANIES	1	889	0.00
MUTUAL FUND	1	2262698	4.40
OTHERS	4	480543	0.40
	2,158	51,433,558	100

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Categories of shareholders	Shares held
Individual	13,056,115
Investment companies except ICP	1,524
Public / Private Sector Companies and Corporations	3,914,828
Directors, Chief Executive Officer and their spouse and minor children	
Haji Jan Muhammad	1,221
Karim Muhammad Munir	500
Mohammad Shoaib	1,111
Muhammad Mehboob	2,760
Shaikh Abdullah	1,000
Sheikh Asim Rafiq (NIT) National Bank of Pakistan, Trustee Department	2,264,944
Zafar Muhammad Shaikh	1,000
Investment Corporation of Pakistan	1,705
Associated companies, undertakings and related parties	
Fouzia Bano	1,825,050
Maryiam Bai	1,178,581
Muhammad Hanif	2,226,560
Muhammad Iqbal	4,084,349
Shahnaz Javed	3,650,100
Yasmin Bano	2,226,560
Zarina Iqbal	2,796,114
Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds except National Bank of Pakistan, Trustee Department	380,470
Shareholders holding ten percent or more voting interest	
Amina Bano	7,300,200
HAR	6,518,866
Grand Total	51,433,558

Dividend Mandate

Dear Shareholder,

Dividend Mandate: (Optional)

Security Investment Bank Limited wishes to inform its Shareholders that under the Law (Section 250 of the Companies Ordinance, 1984) they are entitled (if they so opt) to receive their cash dividend directly in their designated bank accounts instead of receiving it through dividend warrants. This will not only be convenient but will also save considerable time as funds will be credited directly into the bank account.

Shareholders either desiring to exercise this option or wanting to update the Bank Mandate information already provided should submit the following information to Security Investment Bank Limited Share Registrar at the address noted herein:

S.No	Shareholder/Member Details	
1	Shareholder Name	
2	Father's/ Husband's Name	
3	Folio Number	
4	Name of Bank and Branch	
5	Title of Bank Account	
6	Bank Account Number	
7	Cell Number	
8	Telephone Number (if any)	
9	CNIC Number (attach copy)	
10	NTN (in case of corporate entity, attach copy)	
11	Passport No. (in case of foreign shareholder)	

Signature of Member/Shareholder

Please note that this dividend mandate is OPTIONAL and NOT COMPULSORY, in case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you through the dividend warrants.

CNIC Submission (Mandatory):

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, you are therefore requested to submit a copy of your valid CNIC. In case of non-receipt of the copy of valid CNIC, Security Investment Bank Limited (the Company) would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2) (a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders in future.

Security Investment Bank Limited Share Registrar

C & K Management Associates (Pvt) Limited
404, Trade Tower, Near Hotel Metropolitan, Karachi.

***Note:** The Shareholders who hold shares in Central Depository Company are requested to submit the duly filled in Dividend Mandate Form to their Participants/Investor Account Services.

Yours faithfully,
Shakeel Ahmed
Company Secretary
Security Investment Bank Limited

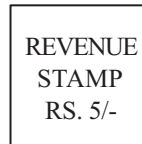
FORM OF PROXY

TWENTY SIXTH ANNUAL GENERAL MEETING

I/We
of
a member / members of SECURITY INVESTMENT BANK LIMITED and holding
ordinary shares, as per Register Folio/CDC A/c or sub account no.
do hereby appoint
of
to vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on 23rd April 2018 and at any adjournment thereof.

As Witness my/our hand this day of2018.

Folio No. _____



Witness:

1. Name _____
CNIC No. _____

SIGNATURE OF MEMBER(S)

2. Name _____
CNIC No. _____

IMPORTANT:

- 1 A member entitled to attend Twenty Sixth Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him.
- 2 The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation its common seal (if any) should be affixed on the instrument.
- 3 The proxies shall be deposited at the Share registrar's office of the Company not less than 48 hours before the time of the meeting.
- 4 For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
 - (i) Copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
 - (ii) The proxy shall produce his original CNIC or original passport at the time of meeting.
 - (iii) in case of a corporate entity, the Board of Director's resolution / power of attorney with specimen signature.



پراکسی فارم چھبیسواں سالانہ عمومی اجلاس

میں اہم کا / کے بحیثیت ممبر (ز) سیورٹی انویسٹمنٹ بینک لمیٹڈ اور
حالیہ عام حصص برطانیق فولیو نمبر / CDC A/C / CDC Sub A/C نمبر مقرر کرتا کرتے
ہیں۔ محترم / محترمہ آف کو اپنے / ہمارے ایما پر کمپنی کے 23 اپریل 2018 بروز پیر کو ہونے
والے 27 واں سالانہ عمومی اجلاس میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور نمائندہ (پراکسی)۔

بطور گواہ آج بتاریخ میرے / ہمارے دستخط ہوتے۔

پانچ روپے کے رسیدی ٹکٹ پر دستخط

فولیو نمبر

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت
ہونا لازمی ہے۔

گواہ:

۱۔ نام:

.....:CNIC

۲۔ نام:

.....:CNIC

اہم نکات:

- 1۔ کوئی ممبر جو کہ سالانہ عمومی اجلاس میں شرکت کرنے کا مجاز ہے وہ اپنے بدلے شرکت اور حق رائے دہی کے لیے پراکسی نامزد کر سکتا ہے۔
 - 2۔ پراکسی انسٹرومینٹ ممبر سے یا بااختیار اٹارنی سے دستخط شدہ ہونا لازمی ہے، اگر ممبر کوئی کمپنی یا کارپوریشن ہے تو اسکی Common Seal پراکسی انسٹرومینٹ پر ہونا لازمی ہے۔
 - 3۔ ہر لحاظ سے مکمل اور دستخط شدہ فارم مینٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرازی آفس میں موصول ہو جانا چاہیئے۔
 - 4۔ CDC اکاؤنٹ رکھنے والے / کارپوریٹ ادارے۔
مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔
- ۱) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی نقول بھی دی جائیں۔
۲) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ مینٹنگ کے وقت دکھانا ہوگا۔
۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹری قرار دار / یا ڈائری آف اٹارنی مع دستخط کے نمونے کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

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