



ANNUAL
REPORT 2016

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VISION & MISSION



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

ACTING PRESIDENT & CHIEF EXECUTIVE

Mr. Zafar .M. Sheikh

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

BUSINESS DEVELOPMENT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Khatri

COMPANY SECRETARY

Mr. Shakeel Ahmed

HEAD OF INTERNAL AUDIT / COMPLAINTS

Mr. Shah Imran Ahmed

AUDITORS

Muniff Ziauddin & Co.
Chartered Accountants

TAX ADVISORS

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Bawaney & Partners
Muhammad Tariq Qureshi

SHARE REGISTRAR

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

BANKERS

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

REGISTERED OFFICE

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

KARACHI OFFICE

502, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659750-54
Fax: (021) 35659755
E-mail : sibl@sibl.com.pk

NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth 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 28 April 2017 at 9:00 a.m. to transact the following business:

ORDINARY BUSINESS

- 1) To confirm the minutes of the Extra Ordinary General Meeting held on 19 December 2016.
- 2) To receive and adopt the audited financial statements of the Company for the year ended 31 December 2016 together with the directors' and auditors' reports thereon.
- 3) To appoint auditors and fix their remuneration for the year ending 31 December 2017. The retiring auditors M/s. Muniff Ziauddin & Co., Chartered Accountants retire and being eligible offers themselves for reappointment to act as the external auditors of the Company and fix their remuneration for the year ending 31 December 2017.

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 22 April 2017 to 28 April 2017 (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 21 April 2017 will be treated in time for determining the entitlement of members to attend the Annual General Meeting of the Company.

Karachi:
April 04, 2017

By order of the board
Digitally Signed by Shakeel Ahmed
DN: cn= Shakeel Ahmed, o=PK, ou=Security Investment Bank Limited, ou=Investment Bank, email=sibl@sibl.com.pk, c=PK
Shakeel Ahmed
Company Secretary
Date: 2017.04.07 06:00 +05'00''

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, 2015 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 12.50% and 17.50% 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 250 of the Companies Ordinance, 1984 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 Company website i.e. at <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 1 MB in size. Further, it is the responsibility of the members(s) to timely update the Share Registrar of any change in his size. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his size. Further, it is the responsibility of member(s) to timely update the Share Registrar of any change 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, 2016 along with Auditors and Directors Reports thereon on its website: <http://www.sibl.com.pk>.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Security Investment Bank Limited (the "Company") are pleased to present the Twenty Fifth Annual Report along with the Audited Financial Statements and Auditor's Report thereon for the year ended 31 December 2016.

Economic Overview

Economic progress of our country continued to gain momentum in 2016. GDP growth for FY16 reached at 4.7% on the back of a 6.8% expansion in the industrial sector and a 5.7% growth in services. Private sector credit increased by 33% in 1st Half of FY17 over the same period last year, while Large Scale Manufacturing has increased by 3.2% during 5 months of FY17. However, The trade deficit continued to widen with exports stuck on a path of decline and imports soaring amid an overvalued rupee, higher oil prices and CPEC related activity.

Average inflation for 1st Half of FY17 increased to 3.9%, compared to 2.1% in 1st Half of FY16. While headline inflation has remained stable at under 4% in the last few months, inflationary expectations have risen on the back of seasonal adjustments in house rent, as well as a potential rise in oil prices following OPEC's agreement to curtail excess supply. However, with food inflation projected to remain stable, overall inflation for FY17 should remain well within the SBP's forecast of 4.5% - 5.5%.

During the year under review, the Pakistan Stock Exchange (PSX) increased by 47% due to lifted investor sentiments on the back of S&P's up-gradation of Pakistan's country rating from B- to B with a Stable Outlook, the MSCI decision to reclassify Pakistan from its Frontier to its Emerging Markets index from May 2017 and the divestment of the PSX to a consortium led by Chinese investors.

Since 25 bps cut in May 2016, the SBP's Policy rate has remained unchanged at 5.75%. SBP maintained a cautious approach, based on rising inflationary trends and pressure on the external account.

Operational Performance

During the outgoing financial year 2016, your company earned significant total comprehensive income of Rs. 60 million.

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

ROFIT AND LOSS ACCOUNT

	2016	2015	Increase / (decrease)	Increase / (decrease)
	Rs.	Rs.	Rs.	%
Income				
Return on financing and placements	36,030,425	37,905,964	(1,875,539)	(4.95)
Return on securities	5,085,811	3,980,916	1,104,895	27.75
Gain on sale of investments	8,626,796	(4,758,967)	13,385,763	281
Profit on deposit with banks	117,675	459,493	(341,818)	(74)
Other income	2,277,721	1,402,670	875,049	62
	52,138,428	38,990,076	13,148,352	34
Expenditure				
Finance cost	1,244,801	1,747,166	(502,365)	(28.75)
Administrative expenses	39,534,016	38,674,545	859,471	2.22
	40,778,817	40,421,711	357,106	0.88
Profit before taxation	11,359,611	(1,431,635)	12,791,246	893
Taxation	(2,493,341)	(2,539,016)	(45,675)	(1.80)
Profit for the year	8,866,270	(3,970,651)	12,836,921	323
Other Comprehensive Income	51,614,948	1,000,777	50,614,171	5,057.49
Total Comprehensive Income	60,481,218	(2,969,874)	63,451,092	2,136

The Company's total comprehensive income for the year ended December 31, 2016 increased significantly to Rs. 60,481 million from Rs. 2,970 million. Return on securities increased by 27.75% to Rs. 5.086 million from Rs. 3.981 million. Gain on sale of investments increased by 281% to Rs. 8,627 million from Rs. (4,759) million when compared to the same period of last year.

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)					
	2016	2015	2014	2013	2012	2011
Share capital	514	514	514	514	514	514
Shareholder's equity	575	514	517	506	503	500
Deposits	8	29	22	125	112	110
Borrowings	-	-	-	177	360	363
Short term financing	292	260	212	126	145	172
Investments	125	41	30	431	482	430
Operating profit	11.360	(1)	15.0	5.0	1.9	0.7
Net profit	8.87	(4)	12.0	3.4	2.8	2.6
Total assets	623	552	546	793	964	935
Dividend	-	-	-	-	-	-
Bonus	-	-	-	-	-	-

Value of Provident Fund Investment

As on 31 December 2016 based on the unaudited accounts, the value of investment of Provident Fund is Rs. 3.791 millions (2015 Rs 10.10 millions).

Value of Gratuity Fund Investment

Pursuant to the approval of the Board and with the consent of all staff members, the Company has discontinued its Gratuity Scheme w.e.f. March 31, 2016.

Pattern of Shareholding

The pattern of shareholding as at 31 December 2016 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 2016, Seven Board of Directors; four Audit Committee and no 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	6	3	Not applicable
Karim Muhammad Munir	7	4	NIL
Mohammad Shoaib	5	Not applicable	Not applicable
Muhammad Mahboob	5	Not applicable	NIL
Shaikh Abdullah	7	4	Not applicable
Sheikh Asim Rafiq	2	1	Not applicable
Zafar M. Shaikh	7	1	NIL

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 0.172 for the year ended 31 December 2016 (2015 Rs (0.077)).

Dividend

Due to low earnings no dividend is declared for the year ended 31 December 2016.

Credit Rating

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

Outlook

Your company's management is endeavouring to improve the company's business by establishing credit lines with different banks. At present, we have been successful to obtain credit line of Rs. 50 million from a reputed commercial bank, which will in future be enhanced, to Rs. 150 millions. At hand of maximum possible liquidity including those of receipts from disinvestment of PSX shares to strategic investors, Tax Refunds and Credit Lines with Commercial Banks, the management is confident to give more lucrative operational results in future.

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 and being eligible offered themselves for reappointment. The Board endorsed the recommendation of the Audit Committee for the reappointment of Muniff Ziauddin & Co., Chartered Accountants for the year ending 31 December 2017.

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

Digitally Signed by Haji Jan Muhammad

DN: cn= Haji Jan Muhammad,c=PK, o=Security

Investment Bank Limited, ou=investment Bank,

Haji Jan Muhammad

Chairman
2017.04.07 06:00 +05'00''

Karachi

04 April 2017

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. 5.19.23 (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.
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 member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred during the year in the Board.
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. As per requirement of Regulation no. 5.19.7 of the Rule Book of Pakistan Stock Exchange, every year a minimum of one director shall acquire directors training. Hence, two of our directors have completed their directors training course and one is exempt from director 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 an independent 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 related party transactions with details of pricing methods have been placed before the Audit Committee and approved by the Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi, April 04, 2017

Digitally Signed by Zafar M.Sheikh
 DN: cn= Zafar M.Sheikh,c=PK, o=Security
 Investment Bank Limited, ou=investment Bank,
 Email=sibl@sibl.com.pk
 Date: 2017.04.07 06:00 +05'00''
ZAFAR M. SHEIKH
 CHIEF EXECUTIVE

Digitally Signed by Haji Jan Muhammad
 DN: cn= Haji Jan Muhammad,c=PK, o=Security
 Investment Bank Limited, ou=investment Bank,
 Email=sibl@sibl.com.pk
 Date: 2017.04.07 06:00 +05'00''
HAJI JAN MUHAMMAD
 CHAIRMAN

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 Investment bank") for the year ended December 31, 2016 to comply with the requirements of rule 5.19.23 of the listing rule book of the Pakistan Stock Exchange where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the company. 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 company'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 company's personnel and review of various documents prepared by the company 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 company's corporate governance procedures and risks.

The Code requires the company 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 Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.

KARACHI:
Dated: April 04, 2017

MUNIFF ZIAUDDIN & CO.
CHARTERED ACCOUNTANTS
(Sohail Saleem)



UNCONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

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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, 2016 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 accordance with 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, investments 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 give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2016 and of the profit, its cash flows 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: April 04, 2017

Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	2016	Restated 2015
		-----Rupees-----	
Assets			
Property, plant and equipment	5	10,698,704	11,568,874
Intangible assets	6	750,000	5,750,000
Long term investments	7	50,000,000	-
Long term financing	8	17,766,190	2,978,750
Deferred tax asset - net	9	18,116,102	20,254,890
Current assets			
Short term financing	10	292,057,136	260,283,600
Short term placements	11	-	40,000,000
Short term investments	12	74,657,944	66,912,219
Loans and advances	13	92,355,682	91,357,122
Deposits, prepayments and other receivables	14	8,704,634	8,605,777
Accrued interest	15	49,442,705	32,537,054
Cash and bank balances	16	8,439,698	11,986,367
		525,657,798	511,682,139
		622,988,794	552,234,653
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			
	17	514,335,580	514,335,580
Accumulated loss		(138,431,667)	(145,524,683)
Statutory reserves	18	147,316,381	145,543,127
Unrealized gain on re-measurement of 'available for sale' investments to fair value - net		51,614,948	-
		574,835,242	514,354,024
Deficit on revaluation of investments - net of tax	19	(2,055,095)	(94,581)
Current liabilities			
Short term deposits	20	7,700,000	29,112,373
Accrued and other liabilities	21	42,508,647	8,862,837
		50,208,647	37,975,210
Contingencies and commitments	22		
		622,988,794	552,234,653

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Digitally Signed by Zafar M.Sheikh
DN: cn= Zafar M.Sheikh,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk

ZAFAR M. SHEIKH
Date: 2017.04.07 06:00 +05'00'
CHIEF EXECUTIVE

Digitally Signed by Haji Jan Muhammad
DN: cn= Haji Jan Muhammad,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk
Date: 2017.04.07 06:00 +05'00'

HAJI JAN MUHAMMAD
CHAIRMAN

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 <-----Rupees----->	Restated 2015
Income			
Return on financing and placements	23	36,030,425	37,905,964
Return on securities	24	5,085,811	3,980,916
Gain on sale of investments		8,626,796	(4,758,967)
Profit on deposit with banks		117,675	459,493
Other income	25	2,277,721	1,402,670
		52,138,428	38,990,076
Expenditure			
Finance cost	26	1,244,801	1,747,166
Administrative expenses	27	39,534,016	38,674,545
		40,778,817	40,421,711
Profit before taxation		11,359,611	(1,431,635)
Taxation	28	(2,493,341)	(2,539,016)
Profit for the year		8,866,270	(3,970,651)
Other comprehensive Income			
Unrealized gain on remeasurement of PSX shares		51,614,948	-
Remeasurement of defined benefit plans		-	1,471,731
Deferred tax / reversal of deferred tax		-	(470,954)
Remeasurement of defined benefit plans - net of tax		-	1,000,777
Total comprehensive income - net of tax		60,481,218	(2,969,874)
Earnings per share - basic and diluted	29	0.172	(0.077)

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

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HAJI JAN MUHAMMAD
CHAIRMAN

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	Restated 2015
Note	<-----Rupees----->	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,359,611	(1,431,635)
Adjustment for non cash and other items		
Depreciation	1,910,201	1,294,690
Gain on disposal of shares	(8,626,796)	4,758,967
Gain on disposal of fixed assets	(726,043)	(38,727)
Gain on sale of government securities	(2,522,732)	(10,507)
Provision for gratuity	325,000	1,285,957
	(9,640,370)	7,290,380
Cash flows from operating activities before working capital changes	1,719,242	5,858,745
(Increase)/decrease in operating assets		
Increase in financing and placements	(46,560,976)	(47,983,600)
Increase in loans and advances	(622,274)	(906,813)
Increase in deposits and prepayments	(98,857)	(3,188,296)
Increase in accrued interest	(16,905,651)	(12,605,109)
	(64,187,757)	(64,683,818)
Increase / (decrease) in operating liabilities		
(Decrease) / Increase in deposits	(21,412,373)	7,334,720
Increase in accrued and other liabilities	33,645,810	3,923,647
	12,233,437	11,258,367
Net change in operating assets and liabilities	(51,954,320)	(53,425,451)
Income tax paid	(413,400)	(1,386,968)
Gratuity paid	(325,000)	(2,963,337)
	(738,400)	(4,350,305)
Net cash used in operating activities	(50,973,479)	(51,917,011)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	2,453,000	125,000
Purchase of fixed assets	(2,704,975)	(11,888,041)
Investment in subsidiary	(50,000,000)	-
Transfer of assets to subsidiary	22,499,438	-
Sale of investments-shares	13,418,075	(9,955,108)
Sale of securities	21,761,271	196,577
Net cash used in investing activities	7,426,810	(21,521,572)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Financing	-	(2,978,750)
Net decrease in cash and cash equivalents	(43,546,669)	(76,417,333)
Cash and cash equivalents at the beginning of the year	51,986,367	128,403,699
Cash and cash equivalents at the end of the year	8,439,698	51,986,367

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

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DN: cn=Zafar M. Sheikh, o=Security
Investment Bank Limited, ou=Investment Bank,
Email=sibl@sibl.com.pk
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DN: cn=Haji Jan Muhammad, c=PK, o=Security
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HAJI JAN MUHAMMAD
CHAIRMAN

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital (Note 17)		Statutory Reserve (Note 18)	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 2015	514,335,580	145,543,127		(142,554,809)	-	517,323,898
Total comprehensive income for the year ended December 31, 2015 - Restated				(2,969,874)	-	(2,969,874)
Statutory reserve	-	169,506		(169,506)	-	-
Transfer from statutory reserves to Accumulated loss - Restated	-	(169,506)		169,506	-	-
Balance as at 31 December 2015	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
Appropriation :						
Statutory reserve	-	1,773,254		(1,773,254)	-	-
Balance as at 31 December 2016	514,335,580	147,316,381		(138,431,667)	51,614,948	574,835,242

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND OPERATION

Security Investment Bank Limited (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Bank was incorporated in Pakistan on May 23, 1991 and started its commercial operation on December 31, 1991. Its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of SIBL is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad.

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

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

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

2. BASIS OF PREPARATION

Unconsolidated financial statements

These are the unconsolidated financial statements (therein after referred as the financial statements) of the Company 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 Company are prepared separately.

Statement of compliance

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 Accounting standards or an interpretations not yet effective

		Effective date (annual)
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities:	January 1, 2016
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 1, 2016
IFRS 11	Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IFRS 14	Revenue from contracts with customers	January 1, 2016
IFRS 15	Revenue from contracts with customers	January 1, 2017
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment) IAS 27–Separate Financial Statements–Equity Method in Separate Financial Statements (Amendment)	January 1, 2016
IAS 27	Separate Financial Statements–Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

Improvements to Accounting Standards Issued by the IASB

IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal	January 1, 2016
IFRS 7	Financial Instruments: Disclosures - Servicing contracts	January 1, 2016
IFRS 7	Financial Instruments: Disclosures - Applicability of the off-setting disclosures to condensed interim financial	January 1, 2016
IAS 19	Employee Benefits - Discount rate: regional market issue	January 1, 2016
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'	January 1, 2016

The following standards, amendments and interpretation of approved accounting standards are applicable in Pakistan from the dates mentioned below against the respective standard or amendment:

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 Investment 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 12)
- (c) recognition of taxation and deferred tax (Note 9 and 28) and
- (d) accounting for post employment benefits (Note 32)"

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 and gratuity which are stated at fair value. 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.

4.7.2 Defined benefit plan

The Bank has discontinued its Gratuity Scheme w.e.f. March 31, 2016. Previously the Bank was operating an approved funded gratuity scheme covering all permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contributions therein are made in accordance with the actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 32.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

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 Security Investment Bank Limited 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% 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, 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%	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

PARTICULARS	Cost			Rate	Depreciation			Written down value as at December 31, 2015	
	As at January 01, 2015	Additions	(Deletions)		As at December 31, 2015	Charge for the year	(Adjustment)		As at December 31, 2015
Computer and equipments	4,847,406	1,189,880	(3,420,258)	2,617,028	20%	478,614	(3,420,213)	1,322,438	1,294,590
Furniture and fixtures	3,146,836	8,139,607	(3,028,976)	8,257,467	10%	491,079	(2,984,471)	574,109	7,683,358
Generator	886,321	116,415	(420,000)	582,736	10%	54,393	(419,999)	369,158	213,578
Sign board	245,784	-	(208,068)	37,716	10%	3,772	(167,212)	31,238	6,478
Telephone system	177,496	216,639	(141,496)	252,639	10%	19,684	(140,630)	45,607	207,032
Vehicles	2,283,831	2,225,500	-	4,509,331	20%	247,148	-	2,345,493	2,163,838
2015	11,587,674	11,888,041	(7,218,798)	16,256,917		1,294,690	(7,132,525)	4,688,043	11,568,874

5.1 Cost and accumulated depreciation as at the end of the year include Rs. 860,888/- (2015 : Rs. 2,076,050/-) 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	Prepaid Insurance	Gain / (Loss)	Sold to	Mode of disposal
Vehicles	1,384,850	1,314,850	70,000	650,000	-	(580,000)	Employees	Negotiation
Vehicles	3,028,500	1,433,557	1,594,943	1,800,000	62,013	(143,044)	Related parties	Negotiation
Equipment	27,000	26,999	1	3,000	-	(2,999)		
	4,440,350	2,775,406	1,664,944	2,453,000	62,013	(726,043)		

		2016	2015
	Note	<-----Rupees----->	
6 Intangible assets			
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	6.1	-	9,818,182
Readjustment of value		-	(4,818,182)
Corporate membership of the Pakistan Mercantile Exchange Limited		<u>750,000</u>	<u>750,000</u>
		<u><u>750,000</u></u>	<u><u>5,750,000</u></u>
6.1	The TREC has been transferred to the wholly owned subsidiary namely Security Capital & Investment (Private) Limited as further explained in note 1.		
	Vide Notice No. PSX/N-5328 dated September 29, 2016, as issued by PSX, the PSX has prescribed value of TREC for the period ended December 31, 2015 at Rs. 5 million for Calculation of Base Minimum Capital. This indicated that the value of TREC needs readjustment by Rs. 4.818 million. Consequently the Investment Bank has restated the value of TREC as at December 31, 2015 at Rs. 5 million.		
7 Long term investments			
Investment- Subsidiary			
5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each		<u>50,000,000</u>	-
		<u><u>50,000,000</u></u>	<u><u>-</u></u>
8 Long term financing			
Murabaha financing			
<i>Related Parties - Secured and considered good</i>			
Associated Companies - Murabaha finance		<u>29,642,147</u>	5,625,689
Others		<u>7,727,021</u>	-
Less Deferred Murabaha finance		<u>(5,045,842)</u>	(1,263,339)
Murabaha receivable	8.1	<u>32,323,326</u>	4,362,350
Less: Current maturity		<u>(14,557,136)</u>	(1,383,600)
		<u><u>17,766,190</u></u>	<u><u>2,978,750</u></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 (2015: 16% per annum).		
9 Deferred tax asset - net			
Deferred tax assets arising in respect of:			
Deficit on revaluation of securities		-	(318,519)
Remeasurement of defined benefit plans - O.C.I component		-	284,122
Accelerated depreciation		<u>538,128</u>	(453,107)
Tax losses		<u>17,577,974</u>	20,742,394
		<u><u>18,116,102</u></u>	<u><u>20,254,890</u></u>
9.1 Movement in deferred tax asset			
Opening balance		<u>20,254,890</u>	23,049,304
Reversal during the year		<u>(2,138,788)</u>	(2,794,414)
Closing balance		<u><u>18,116,102</u></u>	<u><u>20,254,890</u></u>

9.2 The Investment Bank has an aggregate amount of Rs. 56.703 million (2015: Rs. 64.820 million) in respect of unabsorbed tax losses as at December 31, 2016 on which the management has recognized deferred tax asset of Rs.18.116 million (2015: Rs. 20.742 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.

	Note	2016 ←-----Rupees-----→	2015
10 Short term financing - secured and considered good			
Associated companies	10.1	277,500,000	258,900,000
Current maturity of long term financing		14,557,136	1,383,600
		<u>292,057,136</u>	<u>260,283,600</u>
10.1			
These are secured by hypothecation or a charge on assets of customers, Pledge of certificate of deposits and Pledge of List Shares. The mark-up rates are 12% per annum (2015: 12% to 16% per annum).			
11 Short term placements - considered good			
Placement with financial Institution-unsecured		-	40,000,000
12 Short term investments			
Available for sale			
Investment in 2,404,430 shares of Pakistan Stock Exchange Limited	12.1	67,324,040	26,181,818
Pakistan Investment Bonds	12.2	-	20,248,821
Term Finance Certificates	12.2	5,836,219	5,836,219
Quoted Shares	12.2	1,497,685	14,645,361
		<u>74,657,944</u>	<u>66,912,219</u>

12.1 Pursuant to demutualization of the Pakistan Stock Exchange Limited (PSX), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from the PSX against its membership card which was carried at Rs. 36 million in the books of the Company.

The above arrangement resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the Company by the PSX. Out of total shares issued by the PSX, the Company actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares were transferred to CDC sub-account in the Company's name under the PSX's participant IDs with the CDC which were remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

Based on the estimates of fair values of PSX shares (Rs. 40 million) and TREC (Rs. 15 million), the Company had allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments were recognized at Rs. 26.18 million and TREC at Rs. 9.8 million.

As mentioned in note 1, during the year the Company has transferred 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.

During the year PSX has communicated to the Company vide letter dated December 29, 2016 that 40% of the total shares i.e. 1,602,953 held under CDC blocked account are in the process of being sold to Chinese Consortium by the Divestment committee. Share price of Rs. 28 per share has been offered by the Anchor Investor / Successor bidder. Subsequently, a formal signing ceremony was held on January 20, 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the Divestment committee of PSX. With the availability of this fair value and appearance of these shares in company's house account at the reporting date, the unrealized gain has been recognized accordingly.

12.2 Securities given as collateral under repurchase agreements.

Note	2016			2015		
	Held by SIBL	Repo	Total	Held by SIBL	Repo	Total
..... Rupees						
Pakistan Investment Bonds	-	-	-	20,248,821	-	20,248,821
Term Finance Certificates	12.2.1	5,836,219	-	5,836,219	-	5,836,219
Quoted Shares	12.2.2	1,497,685	-	1,497,685	-	14,645,361

12.2.1 Particulars of listed Term Finance Certificates (TFC) :

Issuer of TFC	No. of Certificates	2016		2015			
		Cost	Market Value	Cost	Market value		
	 Rupees					
Telecard Limited	12.2.2.1	5,000	5,000	7,663,285	5,836,219	7,781,625	5,836,219

12.2.2.1 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. 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				
Initial value of	5,000			
Redemption upto December 31, 2016	3,467			
Balance as at December 31, 2016	1,533			

12.2.2.2 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.

12.2.2 Quoted Shares

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

2016	2015	2016		2015		
		Cost	Market Value	Cost	Market Value	
No. of ordinary shares, certificates / units		----- Rupees -----				
Equity Investment Instruments						
-	4,500	PICIC Growth Fund	-	-	64,170	101,385
-	500,257	NIT Islamic Unit Trust	-	-	5,000,000	4,932,534
Financial Services						
-	42,370	Saudi Pak Leasing Company Limited	-	-	59,742	73,300
-	32,001	Arif Habib Limited	-	-	1,319,190	2,120,706
-	1,644	First National Equities Limited	-	-	21,684	5,294
-	2,724	Jahangir Siddiqui & Company Limited	-	-	72,799	57,041
Banks						
-	35,000	Askari Bank Limited	-	-	629,453	760,900
-	3,825	Bank Alfalah Limited	-	-	52,670	110,237
-	31,625	National Bank of Pakistan	-	-	1,189,797	1,709,015
-	6,500	Habib Bank Limited	-	-	1,302,330	1,300,780
Fertilizer						
-	10,000	Fatima Fertilizer Company Limited	-	-	485,884	447,300
6,000	6,000	Fauji Fertilizer Company Limited	711,322	634,445	711,322	707,880
1,000	-	Engro Corporation Ltd	336,034	316,090	-	-
Oil and Gas Companies						
-	10,000	Oil and Gas Development Co. Ltd	-	-	1,352,835	1,173,400
-	1,000	Pakistan Refinery Limited	-	-	48,555	45,210
8,500	-	BYCO Petroleum Pakistan Ltd	208,883	197,200	-	-
Cables and Electric Goods						
-	2,000	Pakistan Electron Limited	-	-	143,515	125,080
Pharmaceuticals						
-	500	Akzonoble Limited	-	-	117,012	108,475
1,500	-	Glaxo	351,135	349,950	-	-
Fixed Line Telecommunication						
-	10,000	Pakistan Telecommunication Limited	-	-	186,069	164,900
Textile Composite						
-	2,500	Gul Ahmed Textile Mills Limited	-	-	125,408	90,600
Power Generation and Distribution						
-	75,000	K Electric	-	-	536,854	558,000
Miscellaneous						
-	7,500	Pace Pakistan Limited	-	-	43,875	53,325
17,000	784,946		1,607,374	1,497,685	13,463,163	14,645,361

	2016	2015
<i>Note</i>	<-----Rupees----->	
13 Loans and advances		
Advances - considered good		
For expenses	2,652,913	2,030,639
For office premises	2,500,000	2,500,000
Advance income tax less payments and provision for tax	<u>87,202,769</u>	<u>86,826,483</u>
	<u>92,355,682</u>	<u>91,357,122</u>

14 Deposits, prepayments and other receivables		
Security deposits	1,569,368	1,582,503
PMEX exposure limits	<i>14.1</i> 1,212,927	1,212,927
KSE exposure limits	1,254,809	1,254,809
Prepayments	1,470,857	880,383
Other receivables - considered good	<u>3,196,673</u>	<u>3,675,155</u>
	<u>8,704,634</u>	<u>8,605,777</u>

14.1 This represents interest bearing security deposits of Rs. 701,000 (2015: 701,000) which carries markup at the rate of 4% to 4.50 % (2015: 6% to 6.5%).

15 Accrued interest		
Income receivable	<i>15.1</i> 49,442,705	32,536,542
Accrued profit on PLS deposits	-	512
	<u>49,442,705</u>	<u>32,537,054</u>

15.1 Income receivable		
Considered good		
Not due	<i>15.1.1</i> 49,442,705	32,536,542

15.1.1 This represents income on financing and government securities not matured / due on December 31, 2016.

16 Cash and bank balances		
With State Bank of Pakistan in		
- Current account	97,197	160,874
With other banks in		
- Current accounts	<i>16.1</i> 8,114,189	9,018,514
- Deposit accounts	192,436	2,787,667
	<u>8,306,625</u>	<u>11,806,181</u>
Cash in hand	35,876	19,312
	<u>8,439,698</u>	<u>11,986,367</u>

16.1 Rate of return on these deposits accounts range from 3% to 4% per annum (2015 : 5% to 5.5% per annum).

17 Issued, subscribed and paid-up capital

Number of shares			2016	2015
2016	2015			
		Ordinary shares of Rs. 10/- each fully paid in cash	23,552,000	23,552,000
		Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	27,881,558	27,881,558
			51,433,558	51,433,558

Note <-----Rupees----->

2016	2015
235,520,000	235,520,000
278,815,580	278,815,580
514,335,580	514,335,580

18 Statutory reserves

Capital reserves

Statutory reserves

18.1 **147,316,381** 145,543,127

18.1 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.

19 Deficit on revaluation of investments - net of tax

Government securities	-	995,372
Term Finance Certificates	(1,945,406)	(1,945,406)
	(1,945,406)	(950,034)
Related deferred tax asset	-	(318,519)
	(1,945,406)	(1,268,553)
Quoted shares	(109,689)	1,173,972
	(2,055,095)	(94,581)

20 Short term deposits

From individuals

From related parties

Associated undertaking

Others

-	8,519,543
-	12,168,912
7,700,000	8,423,918
7,700,000	29,112,373

21 Accrued and other liabilities

Accrued expenses

Return on deposits from

- individuals

- Others

-	486,703
170,877	588,575
170,877	1,075,278

Other liabilities

Unclaimed dividend

Others

- related party

- others

2,094,583	2,094,583
21.1 31,248,944	4,242,183
8,994,243	1,450,793
40,243,187	5,692,976
42,508,647	8,862,837

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	2016	2015
		<-----Rupees----->	
	22.1 Contingencies		
	Guarantees issued on behalf of customer:		
	- Associated undertaking	14,584,900	25,520,900
	- Others	50,000,000	50,000,000
	22.2 Commitments		
	There were no commitment as at the balance sheet date.		
23	Return on financing and placements		
	Financing		
	Demand finance	33,198,826	34,878,932
	Morahaba financing	1,125,447	238,980
	Lease Finance	604,492	
	Placements		
	With financial Institution:		
	Unsecured	1,101,660	2,543,961
	Secured	-	244,091
		<u>36,030,425</u>	<u>37,905,964</u>
24	Return on securities		
	Return on government securities	1,275,529	2,128,267
	Return on TFC	485,253	-
	Gain on sale of government securities	2,522,732	10,507
	Dividend income	802,297	1,842,142
		<u>5,085,811</u>	<u>3,980,916</u>
25	Other income		
	Gain on sale of fixed assets	726,043	38,727
	Commission	645,271	679,647
	Miscellaneous	906,407	684,296
		<u>2,277,721</u>	<u>1,402,670</u>
26	Finance cost		
	Return on certificate of deposits	1,225,196	1,747,166
	Return on borrowings under repurchase agreement (Repo)	19,605	-
		<u>1,244,801</u>	<u>1,747,166</u>
27	Administrative expenses		
	Salaries, wages and other benefits	19,485,706	20,030,250
	Contribution to provident fund	649,373	875,230
	Gratuity scheme expense	325,000	1,285,957
	Rent, rates and taxes	2,352,260	2,441,166
	Telephone, telex and fax	872,397	906,623
	Electricity, water and gas	761,439	1,039,106
	Printing, postage and stationery	201,749	727,432
	Insurance	928,245	793,370
	Fees and membership	2,964,080	2,725,067
	Brokerage and commission	49,704	70,273
	Central Depository Company charges	448,310	347,316
	Auditors' remuneration	391,890	374,990
	Legal and professional fees	2,072,870	2,057,330

	2016	2015
	<-----Rupees----->	
Vehicle running and maintenance	1,057,944	1,049,796
Repairs and maintenance	1,588,931	623,404
Advertisement	1,441,010	615,083
Travelling, Conveyance and entertainment	1,241,376	979,307
Depreciation	5 1,910,201	1,294,690
Bank charges	51,461	47,634
Old age benefit	144,588	109,462
Books, periodicals & newspapers	59,431	46,494
Other expenses	536,051	234,565
	39,534,016	38,674,545
27.1 Auditors' remuneration		
Statutory audit fee	360,000	357,390
Out of pocket expenses	31,890	17,600
	391,890	374,990
28 Taxation		
Current		
- for the year	28.1 (320,156)	(862,579)
Deferred		
- opening balance	(20,289,287)	(21,965,724)
- closing balance	18,116,102	20,289,287
	(2,173,185)	(1,676,437)
	(2,493,341)	(2,539,016)

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

Assessment of tax years 1995-96 to 2001-02 issue were settled in favor of the company by the ATIR, tax years 2003, 2005 issues were settled in favor of the company by CIR, Department filed appeal before ATIR. The Department's appeal in ATIR have been rejected and order of CIR have been upheld. Tax year 2006 and 2007 have been finalised and rectification applications have been filed on rectifiable issues in respect of above mentioned tax years, which are pending for disposal.

The declared results for tax year 2008 were modified under section 122(1) of the Income Tax Ordinance, 2001 and demand of Rs. 68 million was raised by the department, against which SIB has preferred appeal before the Commissioner of the Inland Revenue (Appeals II) which was decided against SIB. Then SIB contested the aforesaid order before Appellate Tribunal Inland Revenue (the "ATIR") which was decided against SIB.

A Reference Application was filed before the Honourable High Court, Islamabad in August 2015, which is pending. SIB also filed Miscellaneous Application before the learned ATIR in respect of its order. The Application was decided in favour of SIB and substantial relief was allowed to SIB.

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

The return filed for the tax year 2011 was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was dully responded. However, no further information has been taken by the tax authorities.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. The order of Deputy Commissioner Inland Revenue 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 SIBL.

The declared results for the tax year 2004, 2009 to 2010 and 2013 to 2016 are deemed to be assessed in terms of Section 120(1)(b) of Income Tax Ordinance 2001."

	2016	2015
	<-----Rupees----->	
28.2 Relationship between tax expense and accounting profit		
Profit for the year from ordinary activities before taxation	-	3,386,547
Tax at the applicable rate of 31%	-	1,083,695
Tax effect of admissible/inadmissible expenses in determining taxable income-net	-	407,332
Tax effect of dividend income taxed treated as separate block of income	-	(589,485)
Tax effect of commission income taxed treated as separate block of income	-	(217,487)
Tax effect of capital gains show seperately	-	(22,311)
Tax effect on gain / (loss) on sale of assets	-	(77,181)
Tax payable in respect of receipt/income covered under FTR	-	278,016
Tax charge	-	862,579
28.3	The numerical reconciliation between tax expense and accounting profit has not been presented for the year in these unconsolidated financial statements due to applicability of minimum tax under section 113 of the Income Tax Ordinance 2001	
29 Earnings per share- basic and diluted		
29.1 Basic		
Profit after tax	8,866,270	(3,970,651)
Weighted average number of ordinary shares	51,433,558	51,433,558
Earnings per share	0.172	(0.077)
29.2 Diluted		
	No figure for diluted earnings per share has been presented as Security Investment Bank Limited has not issued any instrument that would have an impact on its earnings exercised.	
30 Cash and bank balances		
Cash and bank balances	8,439,698	11,986,367
Short term placements	-	40,000,000
	8,439,698	51,986,367
31 Staff strength		
Number of employees at end of the year	26	26
Average number of employees during the year	26	26
32 Defined benefit plan		
32.1 General description		
	Gratuity is a final salary benefit. The scheme provides for terminal benefits for all permanent employees who complete qualifying period of service with Security Investment Bank Limited (SIBL) at varying percentages of last drawn salary. The percentage depends on the number of service years with SIBL. The gratuity plan is invested through an exempt approved trust fund. The fund's trustees are responsible for administration and investment of the fund. The Company appoints all the trustees.	

Annual provision is based on actuarial valuation, which was carried out as at December 31, 2015 using the Projected Unit Credit Method. With effect from March 31, 2016 the Company has curtailed off the Gratuity benefits with the consent of the employees.

32.2 Principal actuarial assumptions	2016	2015
	<-----Rupees----->	
Estimated rate of increase in salary of the employees	0.00%	7.75%
Discount rate	0.00%	9.75%
Return on plan assets	0.00%	11.50%

Mortality was assumed to be 70% of the EFI(61-66) Table.

Impact on Obligation of Change in Assumptions

	1% Increase	1% Decrease
Discount rate	-	(1,014,987)
Salary increases	-	1,201,690

The impact of changes in financial assumptions has been determined by revaluation of the obligations

32.3 Net liability (Assets)		
Beginning of the year	-	2,963,337
Cost for the year	-	(185,774)
Contributions paid	-	(2,963,337)
End of the year	-	(185,774)
Reconciliation		
Obligation	32.3.1	9,981,933
Plan assets	32.3.2	(10,167,707)
Unrecognized net loss		-
Net liability (assets)		(185,774)

The net asset of 185,774 is less than the next year's recommended contribution. Therefore, the asset ceiling does not

32.3.1 Change in Obligation		
Present value of obligation at beginning of the year	-	9,785,697
Current service cost	-	959,990
Interest cost	-	1,076,427
Remeasurement loss (gain) due to:		
Changes in demographic assumptions		-
Changes in financial assumptions		-
Experience	-	(822,014)
Benefits paid	-	(1,018,167)
Present value of obligation at the end of the year		9,981,933

	2016	2015
	<-----Rupees----->	
32.3.2 Change in Plan assets		
Fair value of plan assets at beginning of the year	-	6,822,360
Interest income	-	750,460
Remeasurement gain (loss) due to:		
Investment return	-	649,717
Contributions	-	2,963,337
Benefits paid	-	(1,018,167)
Fair value of plan assets at the end of the year	-	10,167,707
32.4 DB cost		
Current service cost	-	959,990
Net interest cost	-	325,967
Chargeable in P&L	-	1,285,957
Remeasurement due to:		
Experience on obligation	-	(822,014)
Investment return	-	(649,717)
Chargeable in OCI	-	(1,471,731)
Total DB cost	-	(185,774)
32.5 Payments		

The company contributes to the gratuity fund (on the advice of the fund's actuary) the amount of the net liability at the

<u>Projected Payments</u>	Rupees
Contributions 2016	612,517
Benefits:	
2016	1,370,399
2017	206,590
2018	171,481
2019	175,966
2020	194,195
2021-25	4,562,531

32.6 Defined contribution plan

An amount of Rs. 0.649 million (2015: Rs.0.875 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

32.7 Disclosure relating to provident fund

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

	2016	2015	2016	2015
	<-----Percentage----->		<-----Rupees----->	
(i) Size of Fund			8,626,129	15,918,234
(ii) Cost of investments made			7,373,508	11,412,284
(iii) Percentage of investments made			85.48	71.69
(iv) Fair value of investments in government securities			3,791,350	11,380,600
Break up of the investments is as follows:				
Bank balance	41.53	15.15	3,582,158	2,412,284
Government securities	43.95	56.54	3,791,350	9,000,000

33 Remuneration of chief executive and directors

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	<-----Rupees----->					
Director's meeting fees	-	-	1,100,000	875,000	-	-
Managerial remuneration	3,670,100	2,754,387	-	-	7,946,000	8,772,000
Bonus	374,500	-	-	-	522,000	731,000
Medical expenses	144,444	142,020	-	-	510,203	714,169
Provident fund	-	-	-	-	470,301	567,600
Other benefits	696,530	423,243	-	-	-	-
	4,885,574	3,319,650	1,100,000	875,000	9,448,504	10,784,769
Number of persons	1	1	7	7	7	7

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

34 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.

35 Maturities of assets and liabilities

	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
Long term financing	17,766,190	1,383,600	1,595,150	
Deferred tax asset	18,116,102	18,116,102	-	-
Short term financing	292,057,136	292,057,136	-	-
Short term placement	-	-	-	-
Short term investments	74,657,944	74,657,944	-	-
Loans and advances	92,355,682	92,355,682	-	-
Deposits, prepayments and other receivables	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	545,157,501	1,595,150	61,448,704
Liabilities				
Borrowings	-	-	-	-
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	494,948,854	1,595,150	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 sale' investments to fair value - net	51,614,948			
Deficit on revaluation of investments - net of tax	(2,055,095)			
	572,780,147			

	2015			
	Total	Within One Year	Over one year to five years	Over five years
-----Rupees-----				
Assets				
Tangible fixed assets	11,568,874	-	-	11,568,874
Intangible assets	5,750,000	-	-	5,750,000
Long Term Investment	-	-	-	-
Long Term Financing	2,978,750	1,383,600	1,595,150	
Deferred tax asset	20,254,890	20,254,890	-	-
Short term financing	260,283,600	260,283,600	-	-
Short term placement	40,000,000	40,000,000		
Short term investments	66,912,219	66,912,219	-	-
Loans and advances	91,357,122	91,357,122	-	-
Deposits, prepayments and other receivables	8,605,777	8,605,777	-	-
Accrued Interest	32,537,054	32,537,054	-	-
Cash and bank balances	11,986,367	11,986,367	-	-
	552,234,653	533,320,630	1,595,150	17,318,874
Liabilities				
Borrowings	-	-	-	-
Short term deposits	29,112,373	29,112,373	-	-
Accrued expenses and other liabilities	8,862,837	8,862,837	-	-
	37,975,210	37,975,210	-	-
Net assets	514,259,443	495,345,420	1,595,150	17,318,874
Represented by:				
Share capital	514,335,580			
Accumulated loss	(145,524,683)			
Statutory reserves	145,543,127			
Deficit on revaluation of investments - net of tax	(94,581)			
	514,259,443			

36 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:

36.1	Finance	2016		2015	
		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

36.2 Geographical Segment

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

37 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.

37.1 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 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					
Long term investment	67,324,040	-	-	-	67,324,040
Long term financing	17,766,190	1,383,600	16,382,590	-	-
Short term financing	292,057,136	292,057,136	-	-	-
Short term placements	-	-	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Short term investments in Quoted Shares	1,497,685	-	-	-	1,497,685
Investment in Government Bonds	-	-	-	-	-
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
Balances with banks and cash in hand	8,439,698	192,436	-	-	8,247,262
Total	452,097,450	299,469,391	16,382,590	-	136,245,469
Financial liabilities					
Deposits	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		291,769,391	16,382,590	-	93,736,822
Cumulative interest rate sensitivity gap		291,769,391	308,151,981	308,151,981	
31 December 2015					
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					
Long term Investment	26,181,818	-	-	-	26,181,818
Long term financing	2,978,750	1,383,600	1,595,150	-	-
Short term financing	260,283,600	260,283,600	-	-	-
Short term placement	40,000,000	40,000,000	-	-	-
Investment in Government Bonds	20,248,821	20,248,821	-	-	-
Short term investments in TFC's	5,836,219	5,836,219	-	-	-
Short term investments in Quoted Shares	14,645,361	-	-	-	14,645,361
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	7,725,394	-	-	-	7,725,394
Accrued interest	32,537,054	-	-	-	32,537,054
Balance with bank and cash in hand	11,986,367	2,787,667	-	-	9,198,700
Total	424,923,384	330,539,907	1,595,150	-	92,788,327
Financial liabilities					
Deposit	29,112,373	29,112,373	-	-	-
Profit accrued on deposits and borrowings	1,075,278	-	-	-	1,075,278
Accrued and other liabilities	7,787,559	-	-	-	7,787,559
Total	37,975,210	29,112,373	-	-	8,862,837
Total interest rate sensitivity gap		301,427,534	1,595,150	-	83,925,490
Cumulative interest rate sensitivity gap		301,427,534	303,022,684	303,022,684	

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

37.2 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.

37.3 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.

38 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.

Recently 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.

39 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.

40 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 33 to the unconsolidated financial statements, are as follows;

Financing	2016	2015
	<-----Rupees----->	
Balance as at year end		
- Associated undertakings	292,057,136	260,283,600

	2016	2015
	<-----Rupees----->	
Return on financing		
Transactions during the year		
- Associated undertakings	33,198,826	34,878,932
Short term deposits		
Balance as at year end		
- Associated undertakings	-	12,168,912
- Others	7,700,000	8,423,918
Return on deposits		
Transactions during the year		
- Subsidiary	-	-
- Associated undertakings	1,249,482	1,249,482
Rent. Rates and Taxes		
Transactions during the year		
- Associated undertakings	-	822,150
Investment in subsidiary		
Transactions during the year		
Equity shares	50,000,000	-
Sale of assets to subsidiary		
Transactions during the year		
Sale of assets to subsidiary		
TREC	5,000,000	-
PSX shares	17,499,438	-
Advance received from subsidiary	14,000,562	-
Guarantee issued		
Balance as at year end		
- Associated undertakings	14,584,900	25,520,900
- Others	50,000,000	50,000,000
Other transactions during the year		
Contribution to staff provident fund	649,373	875,230
Contribution to staff gratuity fund	325,000	1,285,957
Commission income	179,640	179,640

41 Figures

41.1 Figures have been rounded off to the nearest rupee.

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

Following major reclassification has been made in order to disclose reclassification of shares of PSX in available for sale category in Short term investments.

<u>FROM</u>	<u>TO</u>	2016	2015
Long term investments	Short term investments	<-----Rupees----->	
Investment - at fair value through OCI	Available for sale	67,324,040	26,181,818

42 Date of authorization for issue

These unconsolidated financial statements were authorized for issue by the Board of Directors on April 04, 2017.

Digitally Signed by Zafar M.Sheikh
 DN: cn= Zafar M.Sheikh,c=PK, o=Security Investment Bank Limited, ou=investment Bank, Email=sibl@sibl.com.pk
 Date: 2017.04.07 06:00 +05'00''

ZAFAR M. SHEIKH
 CHIEF EXECUTIVE

Digitally Signed by Haji Jan Muhammad
 DN: cn= Haji Jan Muhammad,c=PK, o=Security Investment Bank Limited, ou=investment Bank, Email=sibl@sibl.com.pk
 Date: 2017.04.07 06:00 +05'00''

HAJI JAN MUHAMMAD
 CHAIRMAN



CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

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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, 2016 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Security Investment Bank Limited and its subsidiary company Security Capital & Investment (Private) Limited, for the year ended December 31, 2016. 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, 2016 and the results of their operations for the year then ended.

Karachi:
Dated: 04 April 2017

Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

	Note	2016	Restated 2015
-----Rupees-----			
Assets			
Property, plant and equipment	4	10,698,704	11,568,874
Intangible assets	5	5,750,000	5,750,000
Long term financing	6	17,766,190	2,978,750
Deferred tax asset - net	7	18,116,102	20,254,890
Current assets			
Short term financing	8	292,057,136	260,283,600
Short term placements	9	-	40,000,000
Short term investments	10	119,520,628	66,912,219
Loans and advances	11	92,503,913	91,357,122
Deposits, prepayments and other receivables	12	8,704,636	8,607,734
Accrued interest	13	49,442,705	32,537,054
Cash and bank balances	14	21,420,657	12,086,022
		583,649,674	511,783,751
		635,980,670	552,336,265
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	15	514,335,580	514,335,580
Accumulated loss		(138,830,727)	(145,865,073)
Statutory reserves	16	147,316,381	145,543,127
Unrealized gain on re-measurement of 'available for sale' investments to fair value - net		78,978,194	-
		601,799,428	514,013,634
Deficit on revaluation of investments - net of tax	17	(2,055,095)	(94,581)
Current liabilities			
Short term deposits	18	7,700,000	29,112,373
Accrued and other liabilities	19	28,536,337	9,304,839
		36,236,337	38,417,212
Contingencies and commitments	20		
		635,980,670	552,336,265

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Digitally Signed by Zafar M.Sheikh
DN: cn= Zafar M.Sheikh,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk
ZAFAR M. SHEIKH
Date: 2017.04.07 06:00 +05'00''
CHIEF EXECUTIVE

Digitally Signed by Haji Jan Muhammad
DN: cn= Haji Jan Muhammad,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk
Date: 2017.04.07 06:00 +05'00''
HAJI JAN MUHAMMAD
CHAIRMAN

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 -----Rupees-----	Restated 2015
Income			
Return on financing and placements	21	36,030,425	37,905,964
Return on securities	22	5,085,811	3,980,916
Gain on sale of investments		8,626,796	(4,758,967)
Profit on deposit with banks		117,675	463,551
Other income	23	2,277,721	1,402,670
		52,138,428	38,994,134
Expenditure			
Finance cost	24	1,244,801	1,747,166
Administrative expenses	25	39,592,686	39,018,993
		40,837,487	40,766,159
Profit before taxation		11,300,941	(1,772,025)
Taxation	26	(2,493,341)	(2,539,016)
Profit for the year		8,807,600	(4,311,041)
Other comprehensive Income			
Unrealized gain on remeasurement of PSX shares		78,978,194	-
Remeasurement of defined benefit plans		-	1,471,731
Deferred tax / reversal of deferred tax		-	(470,954)
Remeasurement of defined benefit plans - net of tax		-	1,000,777
Total comprehensive income - net of tax		87,785,794	(3,310,264)
Earnings per share - basic and diluted	27	0.171	(0.084)

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

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DN: cn= Zafar M.Sheikh,c=PK, o=Security
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Date: 2017.04.07 06:00 +05'00''

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Email=sibl@sibl.com.pk
Date: 2017.04.07 06:00 +05'00''

HAJI JAN MUHAMMAD
CHAIRMAN

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	Restated 2015
	<-----Rupees----->	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,300,941	(1,772,025)
Adjustment for non cash and other items		
Depreciation	1,910,201	1,294,690
Gain on disposal of shares	(8,626,796)	4,758,967
Gain on disposal of fixed assets	(726,043)	(38,727)
Gain on sale of government securities	(2,522,732)	(10,507)
Provision for gratuity	325,000	1,285,957
	<u>(9,640,370)</u>	<u>7,290,380</u>
Cash flows from operating activities before working capital changes	1,660,572	5,518,355
(Increase)/decrease in operating assets		
Increase in financing and placements	(46,560,976)	(47,983,600)
Increase in loans and advances	(622,274)	(906,813)
Increase in deposits and prepayments	(96,902)	(3,190,253)
Increase in accrued interest	(16,905,651)	(12,605,109)
	<u>(64,185,802)</u>	<u>(64,685,775)</u>
Increase / (decrease) in operating liabilities		
(Decrease) / Increase in deposits	(21,412,373)	7,334,720
(Decrease) in borrowings	-	-
Increase in accrued and other liabilities	19,231,525	4,365,649
	<u>(2,180,848)</u>	<u>11,700,369</u>
Net change in operating assets and liabilities	(66,366,650)	(52,985,406)
Income tax paid	(561,658)	(1,386,968)
Gratuity paid	(325,000)	(2,963,337)
Dividend paid	-	-
	<u>(886,658)</u>	<u>(4,350,305)</u>
Net cash used in operating activities	(65,592,737)	(51,817,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	2,453,000	125,000
Purchase of fixed assets	(2,704,975)	(11,888,041)
Sale of investments-shares	13,418,075	(9,955,108)
Sale of securities	21,761,271	196,577
Net cash generated from investing activities	34,927,372	(21,521,572)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Financing	-	(2,978,750)
	<u>(30,665,365)</u>	<u>(76,317,678)</u>
Net decrease in cash and cash equivalents	(30,665,365)	(76,317,678)
Cash and cash equivalents at the beginning of the year	52,086,022	128,403,699
Cash and cash equivalents at the end of the year	21,420,657	52,086,022

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Digitally Signed by Haji Jan Muhammad
DN: cn= Haji Jan Muhammad,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk
Date: 2017.04.07 06:00 +05'00''

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUHAMMAD
CHAIRMAN

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital (Note 15)	Statutory Reserve (Note 16)	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 2015	514,335,580	145,543,127	(142,554,809)	-	517,323,898
Total comprehensive income for the year ended December 31, 2015 - Restated			(3,310,264)	-	(3,310,264)
Statutory reserve	-	169,506	(169,506)	-	-
Transfer from statutory reserves to Accumulated loss - Restated	-	(169,506)	169,506	-	-
Balance as at 31 December 2015	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
Appropriation :					
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

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Digitally Signed by Zafar M.Sheikh
DN: cn= Zafar M.Sheikh,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk
Date: 2017.04.07 06:00 +05'00''

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CHIEF EXECUTIVE

Digitally Signed by Haji Jan Muhammad
DN: cn= Haji Jan Muhammad,c=PK, o=Security
Investment Bank Limited, ou=investment Bank,
Email=sibl@sibl.com.pk
Date: 2017.04.07 06:00 +05'00''

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 (SIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The Bank was incorporated in Pakistan on May 23, 1991 and started its commercial operation on December 31, 1991. Its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of SIBL is situated at Flat No. 4, 3rd Floor, Al-Baber Centre, Main Markaz, F-8, Islamabad.

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

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

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

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

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.

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 bank and rounded to the nearest Rupee.

2.4 Accounting standards or an interpretations not yet effective

		Effective date (annual)
IFRS 9	Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities:	January 1, 2016
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 1, 2016
IFRS 11	Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 1, 2016
IFRS 14	Revenue from contracts with customers	January 1, 2016
IFRS 15	Revenue from contracts with customers	January 1, 2017
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 1, 2016
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment) IAS 27–Separate Financial Statements–Equity Method in Separate Financial Statements (Amendment)	January 1, 2016
IAS 27	Separate Financial Statements–Equity Method in Separate Financial Statements (Amendment)	January 1, 2016

Improvements to Accounting Standards Issued by the IASB

IFRS 5	Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal	January 1, 2016
IFRS 7	Financial Instruments: Disclosures - Servicing contracts	January 1, 2016
FRS 7	Financial Instruments: Disclosures - Applicability of the off-setting disclosures to condensed interim statements	January 1, 2016
IAS 19	Employee Benefits - Discount rate: regional market issue	January 1, 2016
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'	January 1, 2016

The following standards, amendments and interpretation of approved accounting standards are applicable in Pakistan from the dates mentioned below against the respective standard or amendment:

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 Investment Bank's 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 12)
- (c) recognition of taxation and deferred tax (Note 8 and 27) and
- (d) accounting for post employment benefits (Note 31)"

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

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 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.

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 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.

3.8 Staff retirement benefits

3.8.1 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.

3.8.2 Defined benefit plan

The Holding Company has discontinued its Gratuity Scheme w.e.f. March 31, 2016. Previously the Holding Company was operating an approved funded gratuity scheme covering all permanent employees who have completed the qualifying period under the scheme. The scheme is administered by the trustees and contributions therein are made in accordance with the actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 32.

All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

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% 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 admissible 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.

4 Property, plant and equipment

PARTICULARS	(In Rupees)								
	Cost			Rate	Depreciation		Written down value as at December 31, 2016		
	As at January 01, 2016	Additions	(Deletions)		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

PARTICULARS	(In Rupees)								
	Cost			Rate	Depreciation		Written down value as at December 31, 2015		
	As at January 01, 2015	Additions	(Deletions)		As at December 31, 2015	As at December 31, 2015			
Computer and equipments	4,847,406	1,189,880	(3,420,258)	2,617,028	20%	478,614	(3,420,213)	1,322,438	1,294,590
Furniture and fixtures	3,146,836	8,139,607	(3,028,976)	8,257,467	10%	491,079	(2,984,471)	574,109	7,683,358
Generator	886,321	116,415	(420,000)	582,736	10%	54,393	(419,999)	369,158	213,578
Sign board	245,784	-	(208,068)	37,716	10%	3,772	(167,212)	31,238	6,478
Telephone system	177,496	216,639	(141,496)	252,639	10%	19,684	(140,630)	45,607	207,032
Vehicles	2,283,831	2,225,500	-	4,509,331	20%	247,148	-	2,345,493	2,163,838
2015	11,587,674	11,888,041	(7,218,798)	16,256,917		1,294,690	(7,132,525)	4,688,043	11,568,874

4.1 Cost and accumulated depreciation as at the end of the year include Rs. 860,888/- (2015 : Rs. 2,076,050/-) in respect of fully depreciated assets still in use.

4.2 Schedule of disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sale Proceeds	Prepaid Insurance	Gain / (Loss)	Sold to	Mode of disposal
Vehicles	1,384,850	1,314,850	70,000	650,000	-	(580,000)	Employees	Negotiation
Vehicles	3,028,500	1,433,557	1,594,943	1,800,000	62,013	(143,044)	Related parties	Negotiation
Equipment	27,000	26,999	1	3,000	-	(2,999)		
	4,440,350	2,775,406	1,664,944	2,453,000	62,013	(726,043)		

	2016	2015
Note	<-----Rupees----->	
5 Intangible assets		
Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	5,000,000
Readjustment of value	-	(4,818,182)
Corporate membership of the Pakistan Mercantile Exchange Limited	750,000	750,000
	5,750,000	5,750,000
5.1	The TREC has been transferred to the wholly owned subsidiary namely Security Capital & Investment (Private) Limited as further explained in note 1.	
	Vide Notice No. PSX/N-5328 dated September 29, 2016, as issued by PSX, the PSX has prescribed value of TREC for the period ended December 31, 2015 at Rs. 5 million for Calculation of Base Minimum Capital. This indicated that the value of TREC needs readjustment by Rs. 4.818 million. Consequently the Holding Company has restated the value of TREC as at December 31, 2015 at Rs. 5 million.	
6 Long term financing		
Murabaha financing		
<i>Related Parties - Secured and considered</i>		
Associated Companies - Murabaha finance	29,642,147	5,625,689
Others	7,727,021	-
Less Deferred Murabaha finance	(5,045,842)	(1,263,339)
Murabaha receivable	6.1 32,323,326	4,362,350
Less: Current maturity	(14,557,136)	(1,383,600)
	17,766,190	2,978,750
6.1	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 (2015: 16% per annum).	
7 Deferred tax asset - net		
Deferred tax assets arising in respect of:		
Deficit on revaluation of securities	-	(318,519)
Remeasurement of defined benefit	-	284,122
Accelerated depreciation	538,128	(453,107)
Remeasurement of defined benefit	-	-
Tax losses	17,577,974	20,742,394
	18,116,102	20,254,890
7.1 Movement in deferred tax asset		
Opening balance	20,254,890	23,049,304
Reversal during the year	(2,138,788)	(2,794,414)
Closing balance	18,116,102	20,254,890
7.2	The Holding Company has an aggregate amount of Rs. 56.703 million (2015: Rs. 64.820 million) in respect of unabsorbed tax losses as at December 31, 2016 on which the management has recognized deferred tax asset of Rs. 18.116 million (2015: Rs. 20.742 million). The management of the Group believes that based on the projections of future taxable profit it would be able to realize these tax losses in the future.	

		2016	2015
	Note	<-----Rupees----->	
8	Short term financing - secured and considered good		
	Associated companies	8.1 277,500,000	258,900,000
	Current maturity of long term financing	<u>14,557,136</u>	<u>1,383,600</u>
		<u>292,057,136</u>	<u>260,283,600</u>
8.1	These are secured by hypothecation or a charge on assets of customers, Pledge of certificate of deposits and Pledge of List Shares. The mark-up rates are 12% per annum (2015: 12% to 16% per annum).		
9	Short term placements - considered good		
	Placement with financial Institution-unsecured	<u>-</u>	<u>40,000,000</u>
10	Short term investments		
	Available for sale		
	Investment in 4,007,383 shares of Pakistan Stock Exchange Limited	10.1 112,186,724	26,181,818
	Pakistan Investment Bonds	10.2 -	20,248,821
	Term Finance Certificates	10.2 5,836,219	5,836,219
	Quoted Shares	10.2 1,497,685	14,645,361
		<u>119,520,628</u>	<u>66,912,219</u>

10.1 Pursuant to demutualization of the Pakistan Stock Exchange Limited (PSX), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the holding company received shares and TREC from the PSX against its membership card which was carried at Rs. 36 million in the books of the Holding Company.

The above arrangement resulted in allocation of 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40 million and TREC to the Company by the PSX. Out of total shares issued by the PSX, the holding company actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares were transferred to CDC sub-account in the Company's name under the PSX's participant IDs with the CDC which were remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

Based on the estimates of fair values of PSX shares (Rs. 40 million) and TREC (Rs. 15 million), the holding company had allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments were recognized at Rs. 26.18 million and TREC at Rs. 9.8 million.

As mentioned in note 1, during the year the holding company has transferred 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.

During the year PSX has communicated to the holding company vide letter dated December 29, 2016 that 40% of the total shares i.e. 1,602,953 held under CDC blocked account are in the process of being sold to Chinese Consortium by the Divestment committee. Share price of Rs. 28 per share has been offered by the Anchor Investor / Successor bidder. Subsequently, a formal signing ceremony was held on January 20, 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the Divestment committee of PSX. With the availability of this fair value and appearance of these shares in company's house account at the reporting date, the unrealized gain has been recognized accordingly.

10.2 Securities given as collateral under repurchase agreements.

	Note	2016			2015		
		Held by SIBL	Repo	Total	Held by SIBL	Repo	Total
..... Rupees							
Pakistan Investment Bonds		-	-	-	20,248,821	-	20,248,821
Term Finance Certificates	10.2.1	5,836,219	-	5,836,219	5,836,219	-	5,836,219
Quoted Shares	10.2.2	1,497,685	-	1,497,685	14,645,361	-	14,645,361

10.2.1 Particulars of listed Term Finance Certificates (TFC) :

Issuer of TFC	No. of Certificates	2016		2015			
		Cost	Market Value	Cost	Market value		
	 Rupees					
Teletcard Limited	10.2.2.1	5,000	5,000	7,663,285	5,836,219	7,781,625	5,836,219

10.2.2.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Teletcard Limited	5,000	3.75% over 6 months KIBOR.	Semi-annually	Originally Eight years from May 2005. Then rescheduled upto May 27, 2015.
Valuation of certificates				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%.
Initial value of	5,000			
Redemption upto December 31, 2016	<u>3,467</u>			
Balance as at December 31, 2016	<u>1,533</u>			

10.2.2.2 Teletcard 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.

10.2.2 Quoted Shares

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

2016	2015	2016		2015	
		Cost	Market Value	Cost	Market Value
No. of ordinary shares, certificates / units		Rupees			
Equity Investment Instruments					
-	4,500	-	-	64,170	101,385
-	500,257	-	-	5,000,000	4,932,534
Financial Services					
-	42,370	-	-	59,742	73,300
-	32,001	-	-	1,319,190	2,120,706
-	1,644	-	-	21,684	5,294
-	2,724	-	-	72,799	57,041
Banks					
-	35,000	-	-	629,453	760,900
-	3,825	-	-	52,670	110,237
-	31,625	-	-	1,189,797	1,709,015
-	6,500	-	-	1,302,330	1,300,780
Fertilizer					
-	10,000	-	-	485,884	447,300
6,000	6,000	711,322	634,445	711,322	707,880
1,000	-	336,034	316,090	-	-
Oil and Gas Companies					
-	10,000	-	-	1,352,835	1,173,400
-	1,000	-	-	48,555	45,210
8,500	-	208,883	197,200	-	-
Cables and Electric Goods					
-	2,000	-	-	143,515	125,080
Pharmaceuticals					
-	500	-	-	117,012	108,475
1,500	-	351,135	349,950	-	-
Fixed Line Telecommunication					
-	10,000	-	-	186,069	164,900
Textile Composite					
-	2,500	-	-	125,408	90,600
Power Generation and Distribution					
-	75,000	-	-	536,854	558,000
Miscellaneous					
-	7,500	-	-	43,875	53,325
17,000	784,946	1,607,374	1,497,685	13,463,163	14,645,361

	2016	2015
Note	<-----Rupees----->	
11 Loans and advances		
Advances - considered good		
For expenses	2,652,913	2,030,639
For office premises	2,500,000	2,500,000
Advance income tax less payments and provision for	87,351,000	86,826,483
	92,503,913	91,357,122
12 Deposits, prepayments and other receivables		
Security deposits	1,569,368	1,582,503
PMEX exposure limits	1,212,927	1,212,927
KSE exposure limits	1,254,809	1,254,809
Prepayments	1,470,857	880,383
Other receivables - considered good	3,196,675	3,677,112
	8,704,636	8,607,734
12.1	This represents interest bearing security deposits of Rs. 701,000 (2015: 701,000) which carries markup at the rate of 4% to 4.50 % (2015: 6% to 6.5%).	
13 Accrued interest		
Income receivable	49,442,705	32,536,542
Accrued profit on PLS deposits	-	512
	49,442,705	32,537,054
13.1 Income receivable		
Considered good		
Not due	49,442,705	32,536,542
13.1.1	This represents income on financing and government securities not matured / due on December 31, 2016.	
14 Cash and bank balances		
With State Bank of Pakistan in		
- Current account	97,197	160,874
With other banks in		
- Current accounts	8,114,189	9,018,514
- Deposit accounts	13,173,395	2,887,322
	21,287,584	11,905,836
Cash in hand	35,876	19,312
	21,420,657	12,086,022
14.1	Rate of return on these deposits accounts range from 3% to 4% per annum (2015 : 5% to 5.5% per annum).	
15 Issued, subscribed and paid-up capital		
	Number of shares	
	2016	2015
	23,552,000	23,552,000
Ordinary shares of Rs. 10/- Fully paid in cash	235,520,000	235,520,000
Ordinary shares of Rs. 10/- Issued as fully paid bonus shares	278,815,580	278,815,580
	514,335,580	514,335,580

	2016	2015
	<-----Rupees----->	
16 Statutory reserves		
Capital reserves		
Statutory reserves	16.1 <u>147,316,381</u>	<u>145,543,127</u>
16.1	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.	
17 Deficit on revaluation of investments - net of tax		
Government securities	-	995,372
Term Finance Certificates	<u>(1,945,406)</u>	<u>(1,945,406)</u>
	<u>(1,945,406)</u>	(950,034)
Related deferred tax asset	-	(318,519)
	<u>(1,945,406)</u>	<u>(1,268,553)</u>
Quoted shares	<u>(109,689)</u>	1,173,972
	<u>(2,055,095)</u>	<u>(94,581)</u>
18 Short term deposits		
From individuals	-	8,519,543
From related parties		
Associated undertaking	-	12,168,912
Others	<u>7,700,000</u>	<u>8,423,918</u>
	<u>7,700,000</u>	<u>29,112,373</u>
19 Accrued and other liabilities		
Accrued expenses		
Return on deposits from		
- individuals	-	486,703
- Others	<u>170,877</u>	<u>588,575</u>
	<u>170,877</u>	1,075,278
Other liabilities		
Unclaimed dividend	<u>2,094,583</u>	2,094,583
Others		
- related party	<u>17,276,632</u>	4,242,183
- others	<u>8,994,245</u>	<u>1,892,795</u>
	<u>26,270,877</u>	6,134,978
	<u>28,536,337</u>	<u>9,304,839</u>
20 Contingencies and commitments		
20.1 Contingencies		
Guarantees issued on behalf of customer:		
- Associated undertaking	<u>14,584,900</u>	25,520,900
- Others	<u>50,000,000</u>	<u>50,000,000</u>
20.2 Commitments		
There were no commitment as at the balance sheet date.		

		2016	2015
	<i>Note</i>	<-----Rupees----->	
21	Return on financing and placements		
	Financing		
	Demand finance	33,198,826	34,878,932
	Morahaba financing	1,125,447	238,980
	Lease Finance	604,492	
	Placements		
	With financial Institution:		
	Unsecured	1,101,660	2,543,961
	Secured	-	244,091
		36,030,425	37,905,964
22	Return on securities		
	Return on government securities	1,275,529	2,128,267
	Return on TFC	485,253	-
	Gain on sale of government securities	2,522,732	10,507
	Dividend income	802,297	1,842,142
		5,085,811	3,980,916
23	Other income		
	Gain on sale of fixed assets	726,043	38,727
	Commission	645,271	679,647
	Miscellaneous	906,407	684,296
		2,277,721	1,402,670
24	Finance cost		
	Return on certificate of deposits	1,225,196	1,747,166
	Return on borrowing under repurchase agreement (Repo)	19,605	-
		1,244,801	1,747,166
25	Administrative expenses		
	Salaries, wages and other benefits	19,485,706	20,030,250
	Contribution to provident fund	649,373	875,230
	Gratuity scheme expense	325,000	1,285,957
	Rent, rates and taxes	2,352,260	2,441,166
	Telephone, telex and fax	872,397	906,623
	Electricity, water and gas	761,439	1,039,106
	Printing, postage and stationery	201,749	727,432
	Insurance	928,245	793,370
	Fees and membership	2,974,600	3,069,515
	Brokerage and commission	49,704	70,273
	Central Depository Company charges	448,310	347,316
	Auditors' remuneration	391,890	374,990
	Legal and professional fees	2,121,020	2,057,330
	Vehicle running and maintenance	1,057,944	1,049,796
	Repairs and maintenance	1,588,931	623,404
	Advertisement	1,441,010	615,083
	Travelling, Conveyance and entertainment	1,241,376	979,307
	Depreciation	1,910,201	1,294,690
	Bank charges	51,461	47,634
	Old age benefit	144,588	109,462
	Books, periodicals & newspapers	59,431	46,494
	Other expenses	536,051	234,565
		39,592,686	39,018,993

	Note	2016 ←-----Rupees-----→	2015
25.1 Auditors' remuneration			
Statutory audit fee		360,000	357,390
Out of pocket expenses		31,890	17,600
		391,890	374,990
26 Taxation			
Current			
- for the year	26.1	(320,156)	(862,579)
Deferred			
- opening balance		(20,289,287)	(21,965,724)
- closing balance		18,116,102	20,289,287
		(2,173,185)	(1,676,437)
		(2,493,341)	(2,539,016)

26.1 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.

Assessment of tax years 1995-96 to 2001-02 issue were settled in favor of the company by the ATIR, tax years 2003, 2005 issues were settled in favor of the company by CIR, Department filed appeal before ATIR. The Department's appeal in ATIR have been rejected and order of CIR have been upheld. Tax year 2006 and 2007 have been finalised and rectification applications have been filed on rectifiable issues in respect of above mentioned tax years, which are pending for disposal.

The declared results for tax year 2008 were modified under section 122(1) of the Income Tax Ordinance, 2001 and demand of Rs. 68 million was raised by the department, against which SIB has preferred appeal before the Commissioner of the Inland Revenue (Appeals II) which was decided against SIB. Then SIB contested the aforesaid order before Appellate Tribunal Inland Revenue (the "ATIR") which was decided against SIB.

A Reference Application was filed before the Honourable High Court, Islamabad in August 2015, which is pending. SIB also filed Miscellaneous Application before the learned ATIR in respect of its order. The Application was decided in favour of SIB and substantial relief was allowed to SIB.

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

The return filed for the tax year 2011 was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was dully responded. However, no further information has been taken by the tax authorities.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. The order of Deputy Commissioner Inland Revenue 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 SIBL.

The declared results for the tax year 2004, 2009 to 2010 and 2013 to 2016 are deemed to be assessed in terms of Section 120(1)(b) of Income Tax Ordinance 2001.

		2016	2015
		<-----Rupees----->	
26.2	Relationship between tax expense and accounting profit	<i>Note</i>	
	Profit for the year from ordinary activities before taxation	-	3,386,547
	Tax at the applicable rate of 31% determining taxable income-net separate block of income	-	1,083,695
	separate block of income	-	407,332
	separate block of income	-	(589,485)
	Tax effect of capital gains show seperately	-	(217,487)
	Tax effect on gain / (loss) on sale of assets	-	(22,311)
	Tax payable in respect of receipt/income covered under FTR	-	(77,181)
		-	278,016
	Tax charge	-	862,579
26.3	The numerical reconciliation between tax expense and accounting profit has not been presented for the year in these consolidated financial statements due to applicability of minium tax under section 113 of the Income Tax Ordinance 2001.		
27	Earnings per share- basic and diluted		
27.1	Basic		
	Profit after tax	8,807,600	(4,311,041)
	Weighted average number of ordinary shares	51,433,558	51,433,558
	Earnings per share	0.171	(0.084)
27.2	Diluted		
	No figure for diluted earnings per share has been presented as no such investment has been issued that would have an impact on the earnings.		
28	Cash and bank balances		
	Cash and bank balances	21,420,657	11,986,367
	Short term placements	-	40,000,000
		21,420,657	51,986,367
29	Staff strength		
	Number of employees at end of the year	26	26
	Average number of employees during the year	26	26
30	Defined benefit plan		
30.1	General description		
	Gratuity is a final salary benefit. The scheme provides for terminal benefits for all permanent employees who complete qualifying period of service with the Holding Company at varying percentages of last drawn salary. The percentage depends on the number of service years with Holding Company. The gratuity plan is invested through an exempt approved trust fund. The fund's trustees are responsible for adminstration and investment of the fund. The Holding Company appoints all the trustees.		
	Annual provision is based on actuarial valuation, which was carried out as at December 31, 2015 using the Projected Unit Credit Method. With effect from March 31, 2016 the Holding Company has curtailed off the Gratuity benefits with the consent of the employees.		

	2016	2015
30.2 Principal actuarial assumptions		
	<i>Note</i> <-----Rupees----->	
Following principal actuarial assumptions were used for the valuation.		
Estimated rate of increase in salary of the employees	0%	7.75%
Discount rate	0%	9.75%
Return on plan assets	0%	11.50%

Mortality was assumed to be 70% of the EFI(61-66) Table.

Impact on Obligation of Change in Assumptions

	1% Increase	1% Decrease
Discount rate	-	(1,014,987)
Salary increases	-	1,201,690

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different sets of assumptions.

30.3 Net liability (Assets)		
Beginning of the year	-	2,963,337
Cost for the year	-	(185,774)
Contributions paid	-	(2,963,337)
End of the year	-	(185,774)
Reconciliation		
Obligation	30.3.1	9,981,933
Plan assets	30.3.2	(10,167,707)
Net liability (assets)	-	(185,774)

The net asset of 185,774 is less than the next year's recommended contribution. Therefore, the asset ceiling does not apply.

30.3.1 Change in Obligation		
Present value of obligation at beginning of the year	-	9,785,697
Current service cost	-	959,990
Interest cost	-	1,076,427
Remeasurement loss (gain) due to:		
Changes in demographic assumptions		-
Changes in financial assumptions		-
Experience	-	(822,014)
Benefits paid	-	(1,018,167)
Present value of obligation at the end of the year	-	9,981,933

30.3.2 Change in Plan assets		
Fair value of plan assets at beginning of the year	-	6,822,360
Interest income	-	750,460
Remeasurement gain (loss) due to:		
Investment return	-	649,717
Contributions	-	2,963,337
Benefits paid	-	(1,018,167)
Fair value of plan assets at the end of the year	-	10,167,707

	2016	2015
	<-----Rupees----->	
30.4 DB cost		
Current service cost	-	959,990
Net interest cost	-	325,967
Chargeable in P& L	-	1,285,957
Remeasurement due to:		
Experience on obligation	-	(822,014)
Investment return	-	(649,717)
Chargeable in OCI	-	(1,471,731)
Total DB cost	-	(185,774)

30.5 Payments

The company contributes to the gratuity fund (on the advice of the fund's actuary) the amount of the net liability at the beginning of the year.

<u>Projected Payments</u>	<u>Rupees</u>
Contributions 2016	612,517
Benefits:	
2016	1,370,399
2017	206,590
2018	171,481
2019	175,966
2020	194,195
2021-25	4,562,531

30.6 Defined contribution plan

An amount of Rs. 0.649 million (2015: Rs.0.875 million) has been charged during the year in respect of contributory provident fund maintained by the holding company.

30.7 Disclosure relating to provident fund

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

	2016	2015	2016	2015
	<----Percentage----->		<-----Rupees----->	
(i) Size of Fund			8,626,129	15,918,234
(ii) Cost of investments made			7,373,508	11,412,284
(iii) Percentage of investments made			85.48	71.69
(iv) Fair value of investments in government securities			3,791,350	11,380,600
Break up of the investments is as follows:				
Bank balance	41.53	15.15	3,582,158	2,412,284
Government securities	43.95	56.54	3,791,350	9,000,000

31 Remuneration of chief executive and directors

	Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	-----Rupees-----					
Director's meeting fees	-	-	1,100,000	875,000	-	-
Managerial remuneration	3,670,100	2,754,387	-	-	7,946,000	8,772,000
Bonus	374,500	-	-	-	522,000	731,000
Medical expenses	144,444	142,020	-	-	510,203	714,169
Provident fund	-	-	-	-	470,301	567,600
Other benefits	696,530	423,243	-	-	-	-
	4,885,574	3,319,650	1,100,000	875,000	9,448,504	10,784,769
Number of persons	1	1	7	7	7	7

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

32 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.

33 Maturities of assets and liabilities

	2016			
	Total	Within One Year	Over one year to	Over five years
	-----Rupees-----			
Assets				
Tangible fixed assets	10,698,704	-	-	10,698,704
Intangible assets	5,750,000	-	-	5,750,000
Long term financing	17,766,190	14,557,136	3,209,054	-
Deferred tax asset	18,116,102	18,116,102	-	-
Short term financing	292,057,136	292,057,136	-	-
Short term investments	119,520,628	119,520,628	-	-
Loans and advances	92,503,913	92,503,913	-	-
Deposits, prepayments and	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	616,322,913	3,209,054	16,448,704
Liabilities				
Borrowings	-	-	-	-
Short term deposits	7,700,000	7,700,000	-	-
Accrued expenses and other	28,536,337	28,536,337	-	-
	36,236,337	36,236,337	-	-
Net assets	599,744,333	580,086,576	3,209,054	16,448,704
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 sale' investments to fair value - net	78,978,194			
Deficit on revaluation of investment net of taxes	(2,055,095)			
	599,744,333			

	2015			
	Total	Within One Year	Over one year to	Over five years
	-----Rupees-----			
Assets				
Tangible fixed assets	11,568,874	-	-	11,568,874
Intangible assets	5,750,000	-	-	5,750,000
Long Term Financing	2,978,750	1,383,600	1,595,150	
Deferred tax asset	20,254,890	20,254,890	-	-
Short term financing	260,283,600	260,283,600	-	-
Short term placement	40,000,000	40,000,000		
Short term investments	66,912,219	66,912,219	-	-
Loans and advances	91,357,122	91,357,122	-	-
Deposits, prepayments and	8,607,734	8,607,734	-	-
Accrued Interest	32,537,054	32,537,054	-	-
Cash and bank balances	12,086,022	12,086,022	-	-
	552,336,265	533,422,242	1,595,150	17,318,874
Liabilities				
Short term deposits	29,112,373	29,112,373	-	-
Accrued expenses and other liabilities	9,304,839	9,304,839	-	-
	38,417,212	38,417,212	-	-
Net assets	513,919,053	495,005,030	1,595,150	17,318,874
Represented by:				
Share capital	514,335,580			
Accumulated loss	(145,865,073)			
Statutory reserves	145,543,127			
Deficit on revaluation of	(94,581)			
	513,919,053			

34 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 Group'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:

34.1 Finance	2016		2015	
	Rupees	%	Rupees	%
Cables and electric goods	309,823,326	100.00	263,262,350	100.00
	309,823,326	100.00	263,262,350	100.00

34.2 Geographical Segment

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

35 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.

35.1 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:

Description	31 December 2016				
	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					
Long term financing	17,766,190	1,383,600	16,382,590	-	-
Short term financing	292,057,136	292,057,136	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Short term investments in Quoted Shares	1,497,685	-	-	-	1,497,685
Investment in PSX Shares	112,186,724	-	-	-	112,186,724
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	7,233,779	-	-	-	7,233,779
Accrued interest	49,442,705	-	-	-	49,442,705
Balances with banks and cash in hand	21,420,657	13,173,395	-	-	8,247,262
Total	509,941,095	312,450,350	16,382,590	-	181,108,155
Financial liabilities					
Deposits	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	-	152,571,818
Cumulative interest rate sensitivity gap		304,750,350	321,132,940	321,132,940	

31 December 2015					
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					
Long term Investment	26,181,818	-	-	-	26,181,818
Long term financing	2,978,750	1,383,600	1,595,150		
Short term financing	260,283,600	260,283,600	-	-	-
Short term placement	40,000,000	40,000,000	-	-	-
Investment in Government Bonds	20,248,821	20,248,821	-	-	-
Short term investments in TFC's	5,836,219	5,836,219	-	-	-
Short term investments in Quoted Shares	14,645,361	-	-	-	14,645,361
Loans and advances	2,500,000	-	-	-	2,500,000
Deposits and other receivables	7,727,351	-	-	-	7,727,351
Accrued interest	32,537,054	-	-	-	32,537,054
Balance with bank and cash in hand	12,086,022	2,887,322	-	-	9,198,700
Total	425,024,996	330,639,562	1,595,150	-	92,790,284
Financial liabilities					
Deposit	29,112,373	29,112,373	-	-	-
Profit accrued on deposits and borrowings	1,075,278	-	-	-	1,075,278
Accrued and other liabilities	8,229,561	-	-	-	8,229,561
Total	38,417,212	29,112,373	-	-	9,304,839
Total interest rate sensitivity gap		301,527,189	1,595,150	-	83,485,445
Cumulative interest rate sensitivity gap		301,527,189	303,122,339	303,122,339	

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

35.2 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 bank's senior management on a regular basis. The bank's Board of Directors reviews and approves all equity investment decisions.

35.3 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."

36 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 Group is exposed to externally imposed capital requirements.

Recently 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 Holding Company is in compliance with Minimum Capital Requirement as stipulated in the NBFC Regulations 2008.

37 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.

38 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 33 to the consolidated financial statements, are as follows;

	2016	2015
	<-----Rupees----->	
Financing		
Balance as at year end		
- Associated undertakings	292,057,136	260,283,600
Return on financing		
Transactions during the year		
- Associated undertakings	33,198,826	34,878,932
Short term deposits		
Balance as at year end		
- Associated undertakings	-	12,168,912
- Others	7,700,000	8,423,918
Return on deposits		
Transactions during the year		
- Subsidiary	-	-
- Associated undertakings	1,249,482	1,249,482
Rent. Rates and Taxes		
Transactions during the year		
- Associated undertakings	-	822,150
Guarantee issued		
Balance as at year end		
- Associated undertakings	14,584,900	25,520,900
- Others	50,000,000	50,000,000
Other transactions during the year		
Contribution to staff provident fund	649,373	875,230
Contribution to staff gratuity fund	325,000	1,285,957
Commission income	179,640	179,640
Dividend income	-	-

39 Figures

39.1 Figures have been rounded off to the nearest rupee.

39.2 Comparative information of the Holding Company has been re-classified or re-arranged, wherever necessary, for the purpose of better presentation. Following major reclassification has been made in order to disclose reclassification of shares of PSX in available for sale category in Short term investments.

<u>FROM</u>	<u>TO</u>	2016	2015
Long term investments	Short term investments	<-----Rupees----->	
Investment - at fair value through OCI	Available for sale	67,324,040	26,181,818

40 Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors on April 04, 2017.

Digitally Signed by Zafar M.Sheikh
 DN: cn= Zafar M.Sheikh,c=PK, o=Security Investment Bank Limited, ou=investment Bank, Email=sibl@sibl.com.pk
 Date: 2017.04.07 06:00 +05'00''

ZAFAR M. SHEIKH
 CHIEF EXECUTIVE

Digitally Signed by Haji Jan Muhammad
 DN: cn= Haji Jan Muhammad,c=PK, o=Security Investment Bank Limited, ou=investment Bank, Email=sibl@sibl.com.pk
 Date: 2017.04.07 06:00 +05'00''

HAJI JAN MUHAMMAD
 CHAIRMAN

PATTERN OF SHAREHOLDING
AS AT 31 DECEMBER 2016

Number of shareholders	Shareholding		Total number of shares held	Percentage %
	From	To		
811	1	100	30,340	0.06%
508	101	500	126,367	0.25%
241	501	1,000	195,677	0.38%
503	1,001	5,000	872,086	1.70%
69	5,001	10,000	502,721	0.98%
22	10,001	15,000	277,539	0.54%
11	15,001	20,000	197,849	0.38%
10	20,001	25,000	232,450	0.45%
6	25,001	30,000	169,889	0.33%
2	30,001	35,000	67,622	0.13%
1	35,001	40,000	37,300	0.07%
2	40,001	45,000	81,374	0.16%
4	45,001	50,000	186,092	0.36%
3	50,001	55,000	156,727	0.30%
2	55,001	65,000	114,400	0.22%
1	65,001	70,000	68,575	0.13%
1	70,001	75,000	71,000	0.14%
1	75,001	90,000	79,627	0.15%
1	90,001	95,000	92,423	0.18%
1	95,001	130,000	100,000	0.19%
1	130,001	140,000	139,200	0.27%
1	140,001	150,000	150,000	0.29%
4	150,001	165,000	649,920	1.26%
1	165,001	175,000	174,500	0.34%
1	175,001	210,000	208,236	0.40%
2	210,001	235,000	466,758	0.91%
1	235,001	380,000	375,463	0.73%
1	380,001	495,000	495,000	0.96%
1	495,001	595,000	585,572	1.14%
1	595,001	710,000	706,977	1.37%
1	710,001	920,000	917,841	1.78%
1	920,001	1,085,000	926,234	1.80%
1	1,085,001	1,095,000	1,089,900	2.12%
1	1,095,001	1,110,000	1,100,000	2.14%
1	1,110,001	1,115,000	1,114,392	2.17%
1	1,115,001	1,170,000	1,160,500	2.26%
1	1,175,001	1,570,000	1,178,581	2.29%
1	1,570,001	1,825,000	1,573,550	3.06%
1	1,825,001	1,830,000	1,825,050	3.55%
2	1,830,001	2,230,000	4,453,120	8.66%
1	2,230,001	2,260,000	2,232,482	4.34%
1	2,260,001	2,265,000	2,262,698	4.40%
1	2,265,001	2,375,000	2,371,947	4.61%
1	2,375,001	2,800,000	2,796,114	5.44%
1	2,800,001	2,925,000	2,923,849	5.68%
1	2,925,001	3,655,000	3,650,100	7.10%
1	3,655,001	4,950,000	4,945,316	9.62%
1	4,950,001	7,305,000	7,300,200	14.19%
2,233			51,433,558	

Categories of shareholders	Number of shareholder	Shares held	Shares held %
Individuals	2,186	45,104,259	87.69%
Investment companies	5	3,229	0.01%
Insurance companies	3	375,702	0.73%
Joint stock companies	29	3,202,359	6.23%
Financial institutions	4	3,879	0.01%
Modaraba companies	1	889	0.00%
Mututal fund	1	2,262,698	4.40%
Others	4	480,543	0.93%
	2,233	51,433,558	

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

Categories of shareholders	Shares held
Individual	13,289,685
Investment companies except ICP	1,200
Public / Private Sector Companies and Corporations	3,682,828
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
Zafar .M. Sheikh	2,000
Sheikh Asim Rafiq (NIT) National Bank of Pakistan, Trustee Department	2,264,944
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	378,224
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.

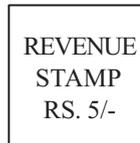
Yours faithfully,
Shakeel Ahmed
Company Secretary
Security Investment Bank Limited

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 Sixth Annual General Meeting of the Company to be held on 28th April 2017 and at any adjournment thereof.

As Witness my/our hand this day of2017.

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/ہم _____ کا / کے بحیثیت ممبر (ز) سیکورٹی انویسٹمنٹ بینک لمیٹڈ اور
حالیہ عام حصص بمطابق فولیو نمبر / CDC A/C / CDC Sub A/C نمبر _____ مقرر کرتا / کرتے
ہیں۔ محترم / محترمہ _____ آف _____ کو اپنے / ہمارے ایما پر کمپنی کے 28 اپریل 2017 بروز جمعہ کو ہونے
والے 26 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 ہوئے۔

پانچ روپے کے رسیدی ٹکٹ پر دستخط

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

فولیو نمبر _____

گواہ:

1۔ نام: _____

_____ :CNIC

2۔ 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 Commom Seal پراکسی انسٹرومینٹ پر ہونا لازمی ہے۔
 - 3۔ ہر لحاظ سے مکمل اور دستخط شدہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹری آفس میں موصول ہو جانا چاہیے۔
 - 4۔ CDC اکاؤنٹ رکھنے والے / کارپوریٹ ادارے۔
- مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔
- (1) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی نقول بھی دی جائیں۔
 - (2) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
 - (3) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔



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Islamabad Office:

GPO Box No. 2967, Suite No. 4th, 3rd Floor, Al-Babar Centre, Main Markaz F-8, Islamabad.
Tel: (051) 2818107-09, Fax: (051) 2818110

Karachi Office:

502, 5th Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659750-54, Fax: (021) 35659755