



SECURITY
INVESTMENT
BANK LTD.

**HALF YEARLY REPORT
JUNE 30, 2019**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)
Mr. Muhammad Mehboob
Mr. Muhammad Shoaib
Mr. Muzaffar Ahmed Ghouri
Mr. Shaikh Abdullah
Mr. Karim Muhammad Munir
Mrs. Samreen Shoaib

PRESIDENT & CHIEF EXECUTIVE

Mr. Zafar .M. Sheikh

AUDIT COMMITTEE

Mr. Shaikh Abdullah (Chairman)
Haji Jan Muhammad
Mr. Muzaffar Ahmed Ghouri
Mr. Karim Muhammad Munir

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Muzaffar Ahmed Ghouri (Chairman)
Mr. Zafar .M. Sheikh
Mr. Muhammad Mehboob

RISK MANAGEMENT COMMITTEE

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

CFO

Mr. Shakeel Ahmed

AUDITORS

M/S Bakers Tilly Mehmood Idrees Qamar,
Chartered Accountants

TAX ADVISORS

Grant Thoranton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Rehan Kayani

SHARE REGISTRAR

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

BANKERS

Habib Metropolitan Bank Limited.
UBL
MCB Bank Limited.
Summit Bank Limited.

REGISTERED OFFICE

Office No. 1, 1st Floor, Junaid Plaza,
I-10 Markaz, Islamabad.
Tel : (051) 4102920
Website : www.sibl.com.pk

KARACHI OFFICE

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



DIRECTORS' REPORT

The Board of Directors of Security Investment Bank Limited (the Company) are pleased to present the financial statement of the Company duly reviewed by the auditors for the half year ended 30 June 2019.

Business during the quarter under review remained under pressure due to the economic environment in the country. GDP growth has slowed down to 3.30% which is the lowest in the recent years. Inflation rose considerably due to the large impact of exchange rate depreciation, hike in fuel, food and adjustments in utilities prices.

Current account deficit remained challenging, due to insufficient inflows. On the other hand, the depreciation in the exchange rate has added to inflationary pressure on our balance of payment. The Government uses bilateral sources to curb balance of payment situation while successfully negotiated bailout program with IMF. Keeping the view of economic scenario, the SBP has adopted tightening of monetary policy issued on July 16, 2019 increasing discount rate at 13.25%, consequently mark up on bank borrowing has also gone up sharply.

During the quarter ended June 30, 2019, the KSE-100 index registered decrease 12.28% to 33,901 points as of 30 June 2019 from 38,649 points as of 31 March 2019.

Despite the negative outlook of the economy, the Management has managed to ensure growth. Alhamdulillah, your company posted operating profit before taxes of Rs. 28.167 million for the half year ended 30 June 2019 as compared to Rs. 17.082 million of the corresponding period. Your Company's EPS Rs. 0.499 as compared to Rs. 0.280 of the corresponding period.

In view of the prevailing economic conditions and increased in the cost of doing business, the Management, foresee the industry to remain under stress. However, the Management will adopt appropriate strategy to maintain the positive growth.

The board wishes to place on record the gratitude to Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan for their continued valued support, assistance and guidance. The board would also like to take this opportunity to express their admiration to the employees of the company for their commitment and hard work. The company recognizes and records its gratitude for their efforts.

On behalf of the Board

Haji Jan Muhammad
Chairman
Karachi, 26 August 2019

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UN-CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed, the accompanying unconsolidated condensed interim statement of financial position of **Security Investment Bank Limited** ("the Bank") as at June 30, 2019 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As at June 30, 2019, short term financing to H.M. Esmail & Co. Limited, New Delite Company Limited, ARY Services (Private) Limited and Madina Electronics, related parties aggregated to Rs. 403.768 million. However, despite several rescheduling in prior periods, the Company has neither performed evaluation of the provision on time based criteria nor performed subjective evaluation of its financing portfolio as required by regulation 25 of Non-Banking Finance Companies. Further, no impairment review in accordance with International Financial Reporting Standards 9 - Financial Instruments. Therefore, we are unable to ascertain the recoverability and provisioning required for the same. Moreover, SECP vide its letter No. SCD-S&ED-IW/SIBL/2018/29 dated August 20, 2018 instructed the company to provide detailed plan/schedule of repayments against all financing extended by the company to the related parties. The company in response to the said letter has submitted the required repayment plan/schedule vide its letter dated September 3, 2018 and communicated the same to the related parties which has been acknowledged by related parties, however, no formal revision in the original terms of contract has been made between the company and the related parties. Previously, this financing was classified in accordance with original contract between parties. Hence qualified by the auditor in this regard. However, during the period, classification of the financing to related parties between current and non-current has been made in the financial statements based on the repayment plan by SECP.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended June 30, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without modifying our conclusion, we draw attention to:

1. Note 10.1 to the unconsolidated condensed interim financial information which states the status of non-compliance with the Regulation 19(h), Regulation 17(1), Regulation 17(2), Regulation 18A and Regulation 23 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 as at 30th June 2019.

- Note 5.1 to the unconsolidated condensed interim financial information which interalia states that during the last year, the Company purchased property from M/s. ARY Communications Limited vide agreement to Sell entered into with M/s. ARY Communications Limited date December 26, 2018 the title of which is in the process of being transferred in to the name of Company.

Our conclusion is not qualified in respect of these matters.

Other matters

The figures for the quarters ended June 30, 2019 and June 30, 2018 in the accompanying unconsolidated condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the year ended December 31, 2018 and half year ended June 30, 2018 were audited and reviewed by another firm of chartered accountants who have expressed a qualified opinion and conclusion thereon vide their reports dated March 26, 2019 and August 28, 2018, respectively.

The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: 26 August 2019

**UNCONSOLIDATED
CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2019**

	June 2019 (Un-audited)	December 2018 (Audited)
Non - Current Assets		
Property, plant and equipment	5 159,621,383	39,904,411
Intangible assets	6 3,508,334	2,500,000
Long term investments	7 50,000,000	50,000,000
Long term financing	8 82,466,454	3,878,461
Long term loans and advances	9 6,523,789	6,614,587
	302,119,960	102,897,459
Current Assets		
Short term financing	10 330,837,293	555,761,938
Short term investments	11 107,517,837	62,714,036
Loans and advances	12 2,626,163	2,208,207
Deposits, prepayments and other receivables	4,732,703	4,018,373
Accrued interest	5,243,598	2,658,841
Tax refund due from Government	13 77,455,120	79,158,655
Cash and bank balances	14 11,080,683	9,455,215
	539,493,397	715,975,265
	841,613,357	818,872,724
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorised Share Capital		
100,000,000 ordinary shares of Rs.10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	514,335,580	514,335,580
Statutory reserves	168,029,304	162,897,175
Accumulated loss	(57,525,380)	(78,053,895)
Deficit on revaluation of investments - net of tax	15 (7,447,112)	(287,166)
	617,392,392	598,891,694
Non-Current Liabilities		
Subordinated loan	16 180,000,000	180,000,000
Deferred tax liabilities - net	2,552,146	2,552,146
	182,552,146	182,552,146
Current Liabilities		
Short term borrowings	17 -	2,759,096
Unclaimed dividend	2,094,583	2,094,583
Accrued and other liabilities	39,574,236	32,575,205
	41,668,819	37,428,884
Contingencies and commitments	18	
	841,613,357	818,872,724

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN



**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Six Months Ended		Quarter Ended	
	June 2019	June 2018	June 2019	June 2018
	----- Rupees -----			
Income				
Income on financing and placements	31,670,842	31,408,260	14,751,220	17,127,451
Return on investments	2,509,486	417,704	1,003,133	80,147
Gain on sale of shares	-	-	-	(1,204,766)
Profit on deposit with banks	667,739	1,039,495	565,512	916,212
Other income	8,202,033	2,115,979	7,940,712	1,769,457
	43,050,100	34,981,438	24,260,577	18,688,501
Expenditure				
Return on deposits and borrowings	-	2,785,911	(2,889,369)	1,990,940
Operating expenses	14,883,060	15,112,624	7,994,789	7,591,556
	14,883,060	17,898,535	5,105,420	9,582,496
Operating profit before tax	28,167,040	17,082,903	19,155,157	9,106,005
Taxation				
Deferred	-	(4,509,958)	-	(4,509,958)
Current	(2,506,396)	(2,706,246)	(2,506,396)	(2,656,730)
	(2,506,396)	(7,216,204)	(2,506,396)	(7,166,688)
Net Profit after tax	25,660,644	9,866,699	16,648,761	1,939,317
Earning per share - basic and diluted	0.499	0.192	0.324	0.038

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Six Months Ended		Quarter Ended	
	June 2019	June 2018	June 2019	June 2018
	----- Rupees -----			
Net Profit after tax	25,660,644	9,866,699	16,648,761	1,939,317
Other Comprehensive Income for the period				
Deficit on revaluation of investments - net of tax	(7,159,946)	(317,412)	(13,592,303)	-
Other comprehensive loss	-	-	-	-
Total comprehensive income - net of tax	18,500,698	9,549,287	3,056,458	1,939,317

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

**UNCONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Share capital	Statutory reserve	Unappropriated loss/profit	Unrealized gain on re measurement of available of sale of investments to fair value	Total
	----- Rupees -----				
Balance as at January 01, 2018	514,335,580	159,452,163	(91,833,944)	-	581,953,799
Profit for the year	-	-	9,866,699	-	9,866,699
Other comprehensive income				(317,412)	(317,412)
Statutory reserves	-	1,973,340	(1,973,340)	-	-
Balance as at June 30, 2018	514,335,580	161,425,503	(83,940,585)	(317,412)	591,503,086
Balance as at January 01, 2019	514,335,580	162,897,175	(78,053,895)	(287,166)	598,891,694
Profit for the year	-	-	25,660,644	-	25,660,644
Other comprehensive income	-	-	-	(7,159,946)	(7,159,946)
Statutory reserves	-	5,132,129	(5,132,129)	-	-
Balance as at June 30, 2019	514,335,580	168,029,304	(57,525,380)	(7,447,112)	617,392,392

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

**UNCONSOLIDATED
CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	June 2019	June 2018
<i>Rupees</i>		
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before taxation	28,167,040	17,082,903
Adjustments for non-cash and other items		
Depreciation	1,133,912	855,378
Amortization	41,666	-
Gain on disposal of shares	-	(1,204,766)
Gain on disposal of fixed assets	(194,637)	(50,000)
	980,941	(399,388)
Cash flows from operating activities before working capital changes	29,147,981	16,683,515
(Increase) / Decrease in operating assets		
Financing and placements	224,924,645	(172,449,409)
Loans and advances	(417,956)	(386,415)
Deposits, prepayment and other receivables	(714,330)	8,242,124
Accrued interest	(2,584,757)	11,341,633
	221,207,602	(153,252,068)
Increase / (Decrease) in operating liabilities		
Short term deposits	-	-
Borrowings	(2,759,096)	(37,398,225)
Accrued and other liabilities	6,999,031	1,623,853
	4,239,935	(35,774,372)
Net changes in operating assets and liabilities	225,447,537	(189,026,440)
Income tax paid	(802,861)	(117,122)
Net cash inflow from / (used in) operating activities	253,792,657	(172,460,047)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term loan and advances	90,798	-
Purchase of fixed assets - net	(121,461,047)	(378,280)
Additions in intangible assets	(1,050,000)	-
Sale proceeds of fixed assets	804,800	-
Investments in quoted shares	(76,963,747)	-
Sale of Government securities	25,000,000	-
Long term financing	(78,587,993)	2,153,027
Net cash (used in) / inflow from investing activities	(252,167,189)	1,774,747
CASH FLOW FROM FINANCING ACTIVITIES		
Subordinated loan	-	180,000,000
Net cash (used in) / inflow from investing activities	-	180,000,000
Net increase in cash and cash equivalents	1,625,468	9,314,700
Cash and cash equivalents at the beginning of the period	9,455,215	34,443,155
Cash and cash equivalents at the end of the period	11,080,683	43,757,855

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

1. STATUS AND PRINCIPAL ACTIVITIES

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

SIBL is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) as amended through SRO 1002 (I) /2015 dated 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).

In the year 2016, the Company made an investment in newly incorporated wholly owned subsidiary company namely Security Capital & Investment (Private) Limited amounting to Rs. 50 million. As per the agreement dated September 07, 2016 between the Company and the subsidiary, the Company ceded the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of the Pakistan Stock Exchange Limited (PSX) and Pakistan Mercantile Exchange (PMEX) membership card to the subsidiary. During the year 2017, the TREC has been transferred by the Company in the name of the subsidiary. However, title of shares of PSX and PMEX card has not yet been transferred in the name of the subsidiary due to the reason that the subsidiary has not obtained license to deal as broker.

JCR - VIS Credit Rating Company Limited has placed the rating of the Company for medium to long-term rating at 'BBB+' (Triple B plus) Signifies adequate credit quality and the short-term rating at 'A-2' (A Two) Signifies good certainty of timely payment. Outlook on the assigned rating is 'Stable'.

2. BASIS OF PRESENTATION

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

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

This unconsolidated condensed interim financial information do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2018. Further, these accounts are being circulated to the shareholders in accordance with the requirements of Section 237 of the Companies Act, 2017 and Listing Regulations of Pakistan Stock Exchange.

The comparative statement of financial position presented in this unconsolidated condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, whereas, the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2018.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the Company for the year ended December 31, 2018 except as disclosed in note 3.1 below.

3.1 CHANGE IN ACCOUNTING POLICIES

There were certain new standards and amendments to the approved accounting standards which became effective during the period. Following are the new standards and amendments that are effective for the period:

3.1.1 IFRS 16 "Leases"

During the period, IFRS 16 - Leases became applicable to the Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

IFRS 16 "Leases" has no material impact on the financial statements of the company during the current period.

3.1.2 IFRS 15 "Revenue from contracts with customers"

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

IFRS 15 "Revenue from contact with customers" has no material impact on the financial statements of the company during the current period.

3.1.3 IFRS 9 "Financial Instruments"

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Company has complied with the requirements of IFRS 9 in preparation of the condensed interim financial statements. The impacts of adopting IFRS 9 on the Company are as follows:

-Classification and measurement: IFRS 9 establishes a principles-based approach to determining whether a financial asset should be measured at amortized cost or fair

value, based on the cash flow characteristics of the asset and the business model in which the asset is held. The Company concluded that the classification and measurement basis for its financial assets remains largely unchanged under this model.

-Impairment: Based on the management's assessment, the introduction of the "expected credit loss" model for the assessment of impairment of financial assets held at amortized cost is not expected to have a material impact on the Company's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.

-IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the period ended June 30, 2019.

However, the name of the category of the long term investments Available for Sale ("AFS") has been changed to Fair Value through Other Comprehensive Income ("FVOCI") in accordance with the adoption of IFRS 9.

4. ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018.

5. PROPERTY, PLANT AND EQUIPMENT
Period ended June 30, 2019
Net carrying value basis

	Leasehold Property	Building	Furniture and fixtures	Computer and equipments	Vehicles	Generator	Telephone system	Total
Opening net book value (NBV)	-	31,946,666	5,856,399	1,035,534	837,833	73,728	154,251	39,904,411
Additions (at cost)	121,416,047	-	15,000	30,000	-	-	-	121,461,047
Disposals (NBV)	-	-	(10,163)	-	(600,000)	-	-	(610,163)
Depreciation charge	-	(319,997)	(445,436)	(106,447)	(214,881)	(33,082)	(14,069)	(1,133,912)
Closing net book value	121,416,047	31,626,669	5,415,800	959,087	22,952	40,646	140,182	159,621,383

Gross carrying value basis

Cost	121,416,047	32,000,000	8,916,237	3,478,967	940,501	582,736	253,969	166,688,457
Accumulated depreciation / impairment	-	(373,331)	(3,500,437)	(2,519,880)	(17,549)	(542,090)	(113,787)	(7,067,074)
Net book value	121,416,047	31,626,669	5,415,800	959,087	922,952	40,646	140,182	159,621,383

Year ended December 31, 2018
Net carrying value basis

Opening net book value (NBV)	-	-	6,483,079	1,321,473	1,067,472	97,029	203,126	9,172,179
Additions (at cost)	-	32,000,000	254,980	338,400	-	-	10,000	32,603,380
Disposals (NBV)	-	-	(4)	(60,831)	(32,918)	-	(31,153)	(124,906)
Depreciation charge	-	(53,334)	(881,656)	(563,508)	(196,721)	(23,301)	(27,722)	(1,746,242)
Closing net book value	-	31,946,666	5,856,399	1,035,534	837,833	73,728	154,251	39,904,411

Gross carrying value basis

Cost	-	32,000,000	8,969,102	3,448,967	940,501	582,736	253,969	46,195,275
Accumulated depreciation / impairment	-	(53,334)	(3,112,703)	(2,413,433)	(102,668)	(509,008)	(99,718)	(6,290,864)
Net book value	-	31,946,666	5,856,399	1,035,534	837,833	73,728	154,251	39,904,411

Depreciation rate % per annum

2	10	20	10
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- 5.1 During the previous year, the Company purchased from M/s ARY Communications Limited office no. 502, 503 and 504 with total covered area of 3756.19 square feet situated at 5th floor, Madina City Mall, plot no. 27, sheet no. SB-5, Abdullah Haroon road, Saddar, Karachi vide Agreement to Sell entered into with M/s ARY Communications Limited dated December 26, 2018. The title of the said property acquired is in the process of being transferred into the name of the Company.

	June 2019 (Un-audited)	December 2018 (Audited)
----- Rupees -----		
6. INTANGIBLE ASSETS		
PMEX card	2,500,000	2,500,000
NBFC license	708,334	-
DHA membership	300,000	-
	3,508,334	2,500,000
7. LONG TERM INVESTMENTS		
Investment- Subsidiary		
5,000,000 ordinary shares of Security Capital & Investments (Pvt) Ltd @ Rs. 10/- each	50,000,000	50,000,000
	50,000,000	50,000,000
8. LONG TERM FINANCING		
Secured and considered good		
Murahaba Finance		
- Associated Companies	1,941,046	7,659,053
- Others	9,887,213	6,001,732
- Deferred Murahaba income	(2,292,439)	(959,291)
Murahaba receivable	8.1 9,535,820	12,701,494
Less: Current maturity	(5,150,322)	(8,823,033)
Other Finance	4,385,498	3,878,461
- Associated Companies	403,767,927	546,938,905
Less: Current maturity	(325,686,971)	(546,938,905)
	78,080,956	-
	82,466,454	3,878,461

8.1 These represents financing of vehicle on murahaba basis against hypothecation of vehicles & machinery for a period of 3 years to 5 years, carrying mark up 1 Year KIBOR + 3% per annum (2018: 1 Year KIBOR+3%).

	June 2019	December 2018
	(Un-audited)	(Audited)
9. LONG TERM LOANS AND ADVANCES Note ----- Rupees -----		
Advances-secured		
- Staff advance	521,500	1,103,125
- Against expenses	794,500	320,000
- Against office premises	2,500,000	2,500,000
- Others	502,070	2,070
	4,318,070	3,925,195
Less: Current portion	(1,442,570)	(1,142,195)
Loans-secured	2,875,500	2,783,000
-Staff loans	4,831,882	4,897,599
Less: Current portion	(1,183,593)	(1,066,012)
	3,648,289	3,831,587
	6,523,789	6,614,587
10. SHORT TERM FINANCING - Secured and considered good		
Current maturity of associated companies	325,686,971	546,938,905
Current maturity under Murahaba Finance	5,150,322	8,823,033
	330,837,293	555,761,938

10.1 Non-compliance with Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).

10.1.1 Regulation 19(h) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) states that an NBFC shall not provide finance to its major shareholders, chief executive, directors, key executives firms or companies in which it or any of its chief executive, directors, key executives, or their close relatives are interested as a partner, director, guarantor or major shareholder. However, the Company has primarily provided financing facilities to its related parties.

During the year 2016, in response to amendments in the Regulations as to restriction imposed on financing made to related parties as stated in regulation 19(h), the Company vide letter dated February 4, 2016 requested Securities and Exchange Commission of Pakistan (the Commission) to grant relaxation from regulation 19(h). The Commission vide its letter dated February 17, 2016 refused the relaxation and directed the Company to comply with the amended Regulations within stipulated time period of six months. The Company vide letter dated April 18, 2016 again requested for the relaxation which was not responded by the Commission.

10.1.2 Regulation 17(1) of the Regulations states that the total outstanding Exposure (fund based and non-fund based) by an NBFC to a person shall not at any time exceed 20% of the equity of an NBFC (as disclosed in the latest financial statements), provided that the maximum outstanding fund-based Exposure does not exceed 15% of the equity of an NBFC. However, as at December 31, 2018, the Company has breached the fund based exposure limits with respect to H.M. Esmail & Company Limited by 4.6%.

- 10.1.3** Regulation 17(2) of the Regulations states that the total outstanding Exposure (fund based and non-fund based) by an NBFC to any group shall not exceed twenty-five per cent (25) of the equity of an NBFC (as disclosed in the latest financial statements), provided that the maximum outstanding fund-based Exposure does not exceed twenty per cent (20) of the equity of an NBFC. However, as at December 31, 2018, the Company has breached the fund based exposure limits with respect to H.M. Esmail & Company Limited, New Delite Company Limited and ARY Services (Private) Limited by 16.77% and fund based and non-fund based exposure by 12.06% with respect to these companies.
- 10.1.4** Regulation 18A of the Regulations states that an NBFC may provide unsecured Finance up to Rs. 200,000/- (Rupees two hundred thousand only) to a single borrower. However, as at December 31, 2018, the Company has extended unsecured financing to H.M. Esmail & Company Limited, New Delite Company Limited, ARY Services (Private) Limited and Madina Electronics amounting to Rs. 154.175 million, Rs. 70.321 million, Rs. 64.662 million and Rs. 12.252 million respectively.
- 10.1.5** Regulation 23 of the Regulations states that an NBFC while taking an Exposure shall not provide finance if the total Exposure availed by the Borrower from financial institutions exceeds 10 times the Equity of the Borrower as disclosed in the financial statements of the Borrower, provided that the fund-based Exposure of a Borrower shall not exceed 4 times of its equity as disclosed in the Borrower's latest financial statements. However, at June 30, 2019, the Company has breached the fund based exposure limits with respect to Madina Electronics by 151.76 times, and has breached the fund/non-fund based respect to Madina Electronics by 145.76 times. Moreover, the equity of related party ARY Services (Private) Limited based on its financial statements as at December 31, 2018 is negative Rs. 227.20 million. However, Company has provided finance facilities as at December 31, 2018 to ARY Services (Private) Limited amounting to Rs. 89.03 million.
- 10.1.6** During the year 2018, the Commission issued onsite inspection orders vide letter number SCD/S&ED-IW/SIBL/2018/305 dated April 24, 2018 in respect of inspection of the Company and its business. The Commission carried out the inspection and directed the Company to provide comments on violation of above stated Regulation 19(h), 17(1), 17(2), 18A and Regulation 23 of the Regulations vide letter SCD/S&ED-IW/SIBL/2018/324, dated July 02, 2018.
- Furthermore, SECP vide its letter No. SCD-S&ED-IW/SIBL/2018/29 dated August 20, 2018 instructed the Company to provide detailed plan/schedule of repayments against all financing extended by the Company. The Company in response to the said letter has submitted the required repayment plan/schedule vide its letter dated September 3, 2018.
- During the period, the Company has adjusted its portfolio of financing on the basis of repayment schedule shared with and confirmed by and conformed by SECP through letter dated Septmeber 3, 2018 and October 17, 2018 respectively. The Company has settled three quarterly repayments as per repayment plan/schedule shared with SECP. The Company has intimated SECP in respect of quarterly settlements of financing through letter dated January 08, 2019, April 02, 2019 and July 08, 2019.
- Moreover, in addition to report dated July 2, 2018, SECP vide its letter No. SCD-S&ED/OW-II/SIBL/Khi/2018/26 dated October 17, 2018 highlighted specific observations which requires immediate attention. In response to this, the Company vide its letter dated October 30, 2018 gave assurance to SECP that management is using all the best possible efforts to settle all financing in compliance with the Regulations with reference to the undertaking already submitted dated July 30, 2018.
- 10.2** These are secured by way of hypothecation or a charge on assets of customers, pledge of certificates of deposits and pledge of listed shares. The mark-up rates are 13% per annum (2018: 13%).

	June 2019 (Un-audited)	December 2018 (Audited)
11. SHORT TERM INVESTMENT		
Fair value through other comprehensive income	----- Rupees -----	-----
Government Securities- T Bill	-	25,000,000
Term Finance Certificates	5,836,219	5,836,219
Quoted shares	101,681,618	31,877,817
	<u>107,517,837</u>	<u>62,714,036</u>
12. LOANS AND ADVANCES		
Current portion of advances	1,442,570	1,142,195
Current portion of staff loans	1,183,593	1,066,012
	<u>2,626,163</u>	<u>2,208,207</u>
13. TAX REFUND DUE FROM GOVERNMENT		
Advance tax	269,469,716	268,666,855
Less: Accumulated provisions for taxation	(192,014,596)	(189,508,200)
	<u>77,455,120</u>	<u>79,158,655</u>
14. CASH AND BANK BALANCES		
With State Bank of Pakistan in current account	6,937	11,257
With other banks in		
- Current account	2,038,864	2,196,079
- Deposit accounts	8,964,480	7,223,815
	11,003,344	9,419,894
Cash in hand	70,402	24,064
	<u>11,080,683</u>	<u>9,455,215</u>
15. DEFICIT ON REVALUATION OF INVESTMENT - Net of tax		
Quoted shares	(7,447,112)	(287,166)
	<u>(7,447,112)</u>	<u>(287,166)</u>
	June 2019 (Un-audited)	December 2018 (Audited)
16. SUBORDINATED LOAN		
	----- Rupees -----	-----
Subordinated loan	180,000,000	180,000,000
	<u>180,000,000</u>	<u>180,000,000</u>
16.1	This subordinated loan is raised by the Company from Sponsors Directors. The loan is granted for a terms of three years, commencing from date of the said agreement dated April 10, 2018. The interest rate implicit in the agreement is six month KIBOR, which is ratified by the Securities and Exchange Commission of Pakistan (SECP) via letter no. SC/NBFC/SIBL/42/2018/233 dated September 17, 2018. The principal amount and interest thereon will be repayable at the maturity of the loan i.e. April 10, 2021.	

	June 2019 (Un-audited)	December 2018 (Audited)
----- Rupees -----		
17. SHORT TERM BORROWINGS		
Running finance facility	-	2,759,096
	-	2,759,096

17.1 The Company has availed a running finance facility from Summit Bank of Rs. 50 million (2018 : Rs. 50 million) at prevailing rate of return 3 months KIBOR+4% per annum (2018 : 3 months KIBOR+4%) per annum. The facility is secured against Rs.58 million book debts of the Company.

	June 2019 (Un-audited)	December 2018 (Audited)
----- Rupees -----		
18. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Guarantees issued on behalf of customers:		
- Associated undertaking	5,103,000	55,103,000

Commitments

There were no commitments as at balance sheet date.

19. TRANSACTION WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major shareholder and their close family members, key management personnel and retirement benefit funds. The Bank has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates. Transactions with related parties during the period are as follows:

	June 2019 (Un-audited)	June 2018 (Un-Audited)
----- Rupees -----		
Return on financing		
- Associated undertakings	28,815,426	27,775,482
- Others	1,962,494	2,136,566
Return on Subordinated Loan	-	1,637,309
Remuneration of Directors and Chief Executive		
- Directors' remuneration	315,000	450,000
- Remuneration of Chief Executive	3,684,762	3,631,398
Contribution to staff retirement benefit plan	195,660	197,653
Office rent	312,000	-

	June 2019 (Un-audited)	June 2018 (Un-Audited)
----- Rupees -----		
19. PERIOD END BALANCES		
Financing		
Balance at period end		
- Associated undertakings	380,346,678	514,147,765
- Other related parties	23,421,249	32,791,140
Un funded Guarantee		
- Associated undertakings	5,103,000	5,103,000
- Others	-	50,000,000
Subordinated Loan	180,000,000	180,000,000
Investment in Subsidiary		
- Equity shares	50,000,000	50,000,000

20. RECLASSIFICATION

December 31, 2018		
Before reclassification	Reclassified from/(to)	After reclassification
---- Rupees ----	Account head	----- Rupees -----

Loans and advances	6,322,794	Long term loans and advances	(4,114,587)	2,208,207
Long term loans and advances	2,500,000	Loans and advances	4,114,587	6,614,587

21. DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue by the Board of Directors on 26 August 2019.

22. GENERAL

Figures have been rounded off to the nearest rupee.

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

**CONSOLIDATED
FINANCIAL STATEMENTS**
for the quarter ended 31 March, 2019

**CONSOLIDATED
CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2019**

	June 30 2019 (Un-audited)	December 31 2018 (Audited)
	←----- Rupees -----→	
Non-current assets		
Property, plant and equipment	5 159,734,651	40,036,716
Intangible assets	6,008,334	7,500,000
Long term Investment	20,838,389	21,752,072
Long term financing	82,466,454	3,878,461
Long term advances	6,523,789	2,500,000
Deferred tax asset - net	-	-
	<u>275,571,617</u>	<u>75,667,249</u>
Current assets		
Short term financing	330,837,293	555,761,938
Short term investments	107,517,837	62,714,036
Loan and advances	12,626,163	6,320,724
Deposits, prepayments and other receivables	5,119,699	4,018,373
Accrued interest	5,576,475	2,658,841
Tax Refund due from Government	77,455,120	79,523,527
Cash and bank balances	6 11,481,971	19,663,073
	<u>550,614,558</u>	<u>730,660,511</u>
	<u>826,186,175</u>	<u>806,327,760</u>
Equity and liabilities		
Share capital and reserves		
Authorised capital		
100,000,000 ordinary shares of Rs.10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital	514,335,580	514,335,580
Statutory reserves	168,029,304	162,897,175
Accumulated loss	(62,343,020)	(80,882,642)
Unrealized gain on re-measurement of 'available for sale' investments to fair value - net PSX shares	(4,108,161)	3,965,468
	<u>615,913,703</u>	<u>600,315,581</u>
Non-Current Liabilities		
Subordinated loan	180,000,000	180,000,000
Deferred tax liabilities - net	2,552,146	2,552,146
	<u>182,552,146</u>	<u>182,552,146</u>
Current liabilities		
Borrowings	-	2,759,096
Short term deposits	2,094,583	2,094,583
Accrued and other liabilities	25,625,743	18,606,354
	<u>27,720,326</u>	<u>23,460,033</u>
Contingencies and commitments		
	<u>826,186,175</u>	<u>806,327,760</u>

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Six Months Ended		Quarter Ended	
	June 30 2019	June 30 2018	June 30 2019	June 30 2018
	<i>Rupees</i>			
Income				
Income on financing and placements	31,670,843	31,408,260	14,751,221	21,402,712
Return on investments	2,509,486	417,704	1,003,133	50,922
Gain on sale of shares	332,877	1,204,766	332,877	1,206,540
Profit on deposit with banks	999,944	1,196,648	688,617	1,081,596
Other income	8,202,032	911,213	7,940,711	310,254
	43,715,182	35,138,591	24,716,559	24,052,024
Expenditure				
Return on deposits and borrowings	-	2,785,911	(2,889,369)	2,486,722
Operating expenses	17,537,035	15,441,568	10,609,576	7,542,145
	17,537,035	18,227,479	7,720,207	10,028,867
Operating profit before tax	26,178,147	16,911,112	16,996,352	14,023,157
Realized gain on remeasurement PSX shares transferred from unrealized gain	-	-	-	(30,968,962)
Taxation				
Deferred	-	(4,509,958)	-	(4,509,958)
Current	(2,506,396)	(2,706,246)	(2,506,396)	(2,656,730)
	(2,506,396)	(7,216,204)	(2,506,396)	(7,166,688)
Net profit after tax	23,671,751	9,694,908	14,489,956	(24,112,493)
Other Comprehensive Income				
Other comprehensive income	(8,073,629)	(317,412)	-	-
Total comprehensive income - net of tax	15,598,122	9,377,496	14,489,956	(24,112,493)
Earning per share - basic and diluted	0.460	0.188	0.282	(0.469)

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

**CONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Half year ended June 30,	
	2019	2018
	<----- Rupees ----->	
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit before taxation	26,178,147	16,911,112
Adjustments for non-cash and other items		
Depreciation	1,171,985	893,451
Gain on disposal of shares	-	(1,204,766)
Gain on disposal of fixed assets	(194,637)	(50,000)
Realized gain on remeasurement of PSX shares	-	-
	977,348	(361,315)
Cash flows from operating activities before working capital changes	27,155,495	16,549,797
(Increase) / Decrease in financing and placements	224,924,645	(172,449,409)
(Increase) / Decrease in loans and advances	(6,305,439)	(11,915)
Decrease in deposits, prepayment and other receivables	(1,101,326)	7,878,226
(increase) / Decrease in accrued interest	(2,917,634)	11,341,633
	214,600,246	(153,241,465)
Increase / (Decrease) in operating liabilities		
(Decrease) / Increase in short term deposits	-	-
Increase / (Decrease) in borrowings	(2,759,096)	(37,398,225)
Decrease in accrued and other liabilities	7,019,389	1,777,054
	4,260,293	(35,621,171)
Net changes in operating assets and liabilities	218,860,539	(188,862,636)
Long term financing	-	-
Income tax paid	(802,861)	(163,118)
Net cash used in operating activities	245,213,173	(172,475,957)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceed from sale of Fixed assets	(122,842,535)	(378,280)
Purchase of fixed assets - net	(76,963,747)	-
Investments in quoted shares	25,000,000	-
Long term financing	(78,587,993)	-
Net cash generated from investing activities	(253,394,275)	(378,280)
CASH FLOW FROM FINANCING ACTIVITIES	-	182,153,027
Net decrease in cash and cash equivalents	(8,181,102)	9,298,790
Cash and cash equivalents at the beginning of the period	19,663,073	34,841,922
Cash and cash equivalents at the end of the period	11,481,971	44,140,712

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2019**

	Share capital	Statutory reserve	Accumulated loss	Unrealized gain on re measurement of available of sale of investments to fair value	Total
	←----- Rupees -----→				
Balance as at 01 January 2018	514,335,580	159,452,163	(94,427,968)	18,406,709	597,766,484
Total comprehensive income for the period	-		9,694,908		9,694,908
Unrealize gain on re measurement of available of sale of investment to fair value				(4,565,237)	(4,565,237)
Appropriations:					
Statutory reserves	-	1,973,340	(1,973,340)		-
Balance as at 30 June 2018	514,335,580	161,425,503	(86,706,400)	13,841,472	602,896,155
Total comprehensive income for the period	-		7,295,430	(9,876,004)	(2,580,574)
Appropriations:					
Statutory reserves	-	1,471,672	(1,471,672)		-
Balance as at 31 Dec 2018	514,335,580	162,897,175	(80,882,642)	3,965,468	600,315,581
Total comprehensive income for the period	-		23,671,751		23,671,751
Unrealized gain on re measurement of available of sale of investments to fair value				(8,073,629)	(8,073,629)
Appropriations:					
Statutory reserves	-	5,132,129	(5,132,129)		-
Balance as at 30 June 2019	514,335,580	168,029,304	(62,343,020)	(4,108,161)	615,913,703

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

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2019

1 STATUS AND PRINCIPAL ACTIVITIES

The group consist of Security Investment Bank Limited (the holding company) and Security Capital & Investment (Private) Limited (the subsidiary company).

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 Pakistan Stock Exchange Limited. The registered office of SIBL is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, 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 the Company for medium to long-term rating at 'BBB'+ (Triple B plus) Signifies adequate credit quality and the short-term rating at 'A-2' (A Two) Signifies good certainty of timely payment. Outlook on the assigned rating is 'Stable'.

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.

Security Capital & Investments (Private) Limited (the subsidiary Company) is a private company limited by shares incorporated in Pakistan on February 23, 2015 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at Karachi in the province of Sindh.

2 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial information have been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting), the requirements of the repealed Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the requirements of the repealed Companies Ordinance, 1984 and the said directives have been followed.

These consolidated condensed interim financial information does not include all the information required for preparation of full financial information and should be read in conjunction with the preceding published annual financial statements for the year ended December 31, 2016.

The comparative balance sheet presented in this consolidated condensed interim financial information as at December 31, 2018 has been extracted from audited financial statements of the company for the year ended December 31, 2018, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the half year ended June 30, 2019 have been subjected to a review but not audit.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the company for the year ended December 31, 2018.

4 ESTIMATES AND JUDGEMENTS

The preparation of consolidated condensed interim financial statements requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	←----- Rupees ----->	
5 OPERATING ASSETS		
Cost		
As at January 01	46,385,641	13,893,452
Addition	121,461,047	32,802,743
Deletion	(967,865)	(310,554)
As at June 30	166,878,823	46,385,641
Less: Accumulated Depreciation		
As at January 01	6,348,925	4,703,227
Depreciation expenses	1,152,949	1,803,351
Adjustment made	(357,702)	(157,653)
As at June 30	7,144,172	6,348,925
	159,734,651	40,036,716
6 CASH AND BANK BALANCES		
With State Bank of Pakistan in current account	6,937	11,257
With other banks in		
Current account	2,038,863	2,196,079
Deposit accounts	9,365,769	17,431,673
	11,404,632	19,627,752
Cash in hand	70,402	24,064
	11,481,971	19,663,073

7 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors on 26 August 2019.

8 GENERAL

Figures have been rounded off to the nearest rupee.

SHAKEEL AHMED
CFO

ZAFAR M. SHEIKH
CHIEF EXECUTIVE

HAJI JAN MUMAMMAD
CHAIRMAN



SIB

SECURITY
INVESTMENT
BANK LTD.

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