

Annual Report

2006

TRUST

TRUST LEASING & INVESTMENT BANK LIMITED

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MISSION STATEMENT

Through friendly, highly motivated and qualified team of employees of integrity, we are committed to positioning the Company at the apex of the industry by:

- Delivering safe and highest quality value-added products, business solutions and services to our customers.
- Achieving superior return to our share holders with security of their investment while strengthening relationship with our counterparts in the financial industry.
- Being responsible corporate citizen in the community in which we operate.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Asif Kamal	–	Chairman
Mr. Zahid Rafique	–	Director
Mr. Humayun Nabi Jan	–	Director
Mr. Javaid Bashir Sheikh	–	Director
Mr. Hamesh Khan	–	Director
Mr. Ali Aslam Malik	–	Director
Mr. Shafiq A. Khan	–	Director
Mr. Rashid Ahmed	–	Chief Executive Officer

AUDIT COMMITTEE

Mr. Humayun Nabi Jan – Chairman
Mr. Asif Kamal
Mr. Ali Aslam Malik

CHIEF FINANCIAL OFFICER

Mr. Abdul Rauf Ghani

COMPANY SECRETARY

Mr. Mudassar Kaiser Pal

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISOR

Malik & Maliks Law Office

BANKERS TO THE COMPANY

The Bank of Punjab
Habib Bank Limited
National Bank of Pakistan
Faysal Bank Limited
Metropolitan Bank Limited
MCB Bank Limited
Al-Barka Islamic Bank Limited
Allied Bank Limited
Soneri Bank Limited
Askari Commercial Bank Limited

REGISTRARS

Vision Consulting Limited
1st, Floor, 3-C, LDA Flats,
Lawrence Road, Lahore.
Tel: 042-6375531, 6375339
Fax: 042-6374839

REGISTERED & HEAD OFFICE

23-D/1-A, Gulberg - III, Lahore.

Tel: (042) 576-2985, 576-3323

Fax: (042) 587-6907

E. mail: tlcl@trustleasing.com

Website: www.trustleasing.com

BRANCH NETWORK

Jail Road Lahore Branch

M-I, First Floor, Khaleej Tower,
38/A, Jail Road, Lahore
Ph: 042-7584385

Faisal Town Lahore Branch

Al-Fatah Plaza, 2nd Floor, Mohammad Pura,
Peco Stop, Moaza Pindi Rajputan, Lahore
Ph: 042-5178893

Cavalry Ground Lahore Branch

Right Half, 2nd Floor, Commercial Building,
89 Cavalry Ground Extension, Lahore
Ph: 042-6673012

Multan Road Lahore Branch

Office # 101, 1st Floor, Ghulam Plaza,
Opp. Grand Battery,
Multan Road, Lahore.

Gujrat Branch

Ground Floor, Kashmir Plaza,
Ram Talai Road, Gujrat
Ph: 0533-510223, Fax: 0533-535819

Gujranwala Branch

Data Plaza, G.T. Road, Opp.
Trust Plaza, Gujranwala
Ph: 0553-733617, Fax: 0553-733618

Sargodha Branch

60/A, Railway Road, Civil Lines
(Opp. Solo Hotel), Sargodha
Ph: 0483-213836

Mandi Baha-ud-Din Branch

Al Ghani Plaza, Jail Road,
Mandi Baha-ud-Din
Ph: 0546-509568

Multan Branch

1733/B-Ground Floor, LMQ Road
(Central Chungi 8-9 High Way), Multan
Ph: 061-6222008

Karachi Branch

Office # 1006, 10th Floor, Saima Trade
Tower-B, I.I Chundrigar Road, Karachi
Ph: 021-2272198, 2275002-3
Fax: 021-2272199

Rawalpindi Branch

49/62-Uni Building, 1st Floor,
Bank Road, Rawalpindi Cantt.
Ph: 051-5810149

Sialkot Branch

Kashmir Road,
Near Meezan Bank, Sialkot
Ph: 052-4298350

Jhelum Branch

Star Shopping Complex, Tufail Road,
Jhelum Cantt. Ph: 0544-625961
Fax: 0544- 625972

Peshawar Branch

Commercial Building, Jehangirabad,
University Road, Peshawar
Ph: 091-5701484 Fax: 091-5846302

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 15th Annual General Meeting of the shareholders of Trust Leasing & Investment Bank Limited will be held on Monday, October 30, 2006 at 3:00 p.m. at Pearl Continental Hotel, Lahore to transact the following business:-

ORDINARY BUSINESS

- 1 To confirm minutes of 14th Annual General Meeting held on October 21, 2005.
- 2 To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2006 together with Directors' and Auditors' Report thereon.
- 3 To approve the payment of Cash Dividend to the shareholders at the rate of Rs. 1.50 per share i.e. 15% and the issue of Bonus Shares in the proportion of Three Shares for every Twenty Shares held i.e. 15%.
- 4 To appoint auditors for the year 2006-2007 and fix their remuneration. The present auditors M/s. KPMG Taseer Hadi & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
- 5 To transact any other ordinary business which may be placed before the meeting with the permission of the Chair.

By order of the Board

Mudassar Kaiser Pal
Company Secretary

Lahore:

October 09, 2006

REGISTERED OFFICE

Trust Leasing & Investment Bank Limited

23-D/1-A, Gulberg, III, Lahore.

Tel : (042) 5762985, 5763323

Fax : (042) 5876907

Email : tlcl@trustleasing.com

NOTES:

- 1 The Members Register will remain closed from October 23, 2006 to October 30, 2006 (both days inclusive). Transfers received in order at Registrar's Office M/s. Vision Consulting Limited, 1st Floor, 3-C, LDA Flats, Lawrence Road, Lahore by the close of business hours on October 21, 2006 will be treated in time for the entitlement of Cash Dividend and Bonus Shares.
- 2 A member eligible to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting.
- 3 CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting.
 - I) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their Participants I.D. numbers and account numbers in CDS.
 - II) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
 - III) Shareholders are requested to immediately notify the Registrar of any change in their addresses.

DIRECTORS' REPORT

We are pleased to present 15th Annual Report of your Company for the year ended June 30, 2006 together with the audited accounts and auditors' report thereon.

OPERATING RESULTS

Financial results of the Company are as under:-

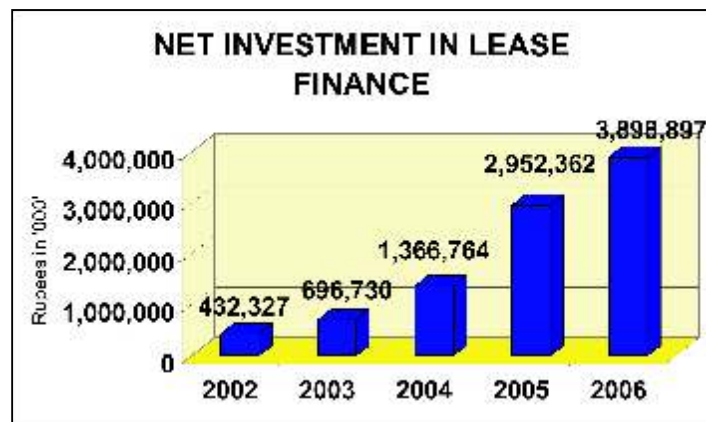
	<u>2006</u>	<u>2005</u>
	(Rupees in million)	
Revenue	733	420
Operating expenses	98	46
Financial expenses	404	150
Profit before provisions including fair value adjustment of investments held for trading	249	213
Profit before tax	221	212
Profit after tax	202	225
Earnings per Share (Rs.)	4.96	5.53

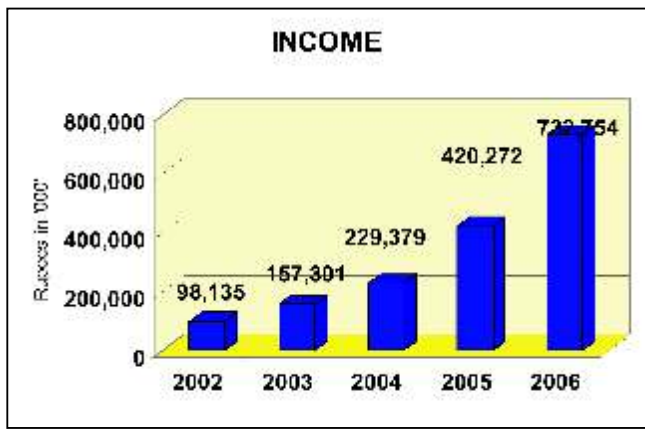
DIVIDEND

The directors are pleased to recommend a cash dividend of 15% (2005 : 10%) and stock dividend of 15% (2005 : 20%) out of the profit for the year.

REVIEW OF OPERATIONS

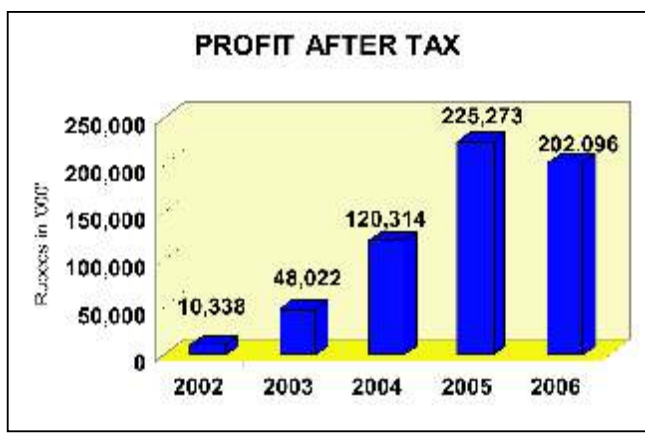
Your Company has shown steady growth during the year ended June 30, 2006. Balance sheet footing stood at Rs.6,161 million as against Rs.4,117 million as at June 30, 2005. Fresh leases of Rs.1,730 million were written during the year and net investment in lease finance at the year end stood at Rs.3,898 million as against Rs.2,952 million at June 30, 2005.





Total revenues increased by 74 % to Rs.733 million as against Rs.420 million at June 30, 2005. Income from leasing operations increased by 73 % to Rs.464 million as compared to Rs.270 million in the previous year. Profit before provisions including fair value adjustment of investments held for trading increased by 16 % to Rs.249 million as against Rs.213 million last year despite the fact that the Company paid special bonus of Rs.20.00 million to the Advisor/Director, Mr. Tajammal Hussain for his meritorious services. (Mr. Tajammal Hussain relinquished his charge as Advisor of the Company on July 11, 2006). The Company posted net profit after tax of Rs.202 million with earning per share of Rs.4.96.

Financial expenses for the year amounted to Rs.404 million as against Rs.150 million last year. This increase was a consequence of sharp rise in the mark-up rates and higher level of borrowings for business operations. Total borrowings were Rs.4,054 million as at June 30, 2006 as against Rs.2,600 million as at June 30, 2005.



CHANGE OF MANAGEMENT CONTROL

During the year, Mr. Asif Kamal of Newage Group and his associates acquired controlling shares of the Company. They took over management control of the Company with effect from July 11, 2006 after completing all the necessary formalities including approvals of the Securities & Exchange Commission of Pakistan. The Board now comprises following directors:

- 1- Mr. Asif Kamal Chairman
- 2- Mr. Zahid Rafiq Director
- 3- Mr. Humayun Nabi Jan Director
- 4- Mr. Javaid Bashir Sheikh Director
- 5- Mr. Hamesh Khan Director
- 6- Mr. Ali Aslam Malik Director
- 7- Mr. Shafiq A. Khan Director
- 8- Mr. Rashid Ahmed Chief Executive Officer

The new directors bring with them rich and diversified business experience of financial services and industrial management. The new management plans to continue its focus on the core business of leasing with greater emphasis on investment banking activities.

AUDIT COMMITTEE

The Board formed new Audit Committee comprising of following members:

- | | | |
|----|----------------------|----------|
| 1- | Mr. Humayun Nabi Jan | Chairman |
| 2- | Mr. Asif Kamal | Member |
| 3- | Mr. Ali Aslam Malik | Member |

CREDIT RATING

Pakistan Credit Rating Agency Limited (PACRA) maintained the entity ratings of **AA- (double A minus)** for long term and **A1+ (A one plus)** for short term. PACRA also maintained instrument rating of **AA (double A)** of listed term finance certificates of the Company. These ratings indicate high credit quality and strong capacity of the Company for timely repayment of its obligations.

FUNDS MOBILIZATION

The Company remained successful in raising funds at highly competitive rates during the year. The Company issued term finance certificates of Rs.375 million during the year. Besides, long term matching credit lines for lease business were negotiated with banks and financial institutions. The Company also raised funds from clean money market limits which exceeded Rs.3,500 million as at June 30, 2006 as against Rs.1,000 million as at June 30, 2005.

BRANCH NETWORK

During the year under review, the Company expanded its branch network, raising the total number of branches to 14. Four new branches will start operations in the financial year 2007 including the one in federal capital, Islamabad. These branches will not only provide an increased outreach for business growth but will play an important role for deposits mobilization.

FUTURE OUTLOOK

As stated above the management control of the Company has been transferred to a new group. The new management is committed to not only maintain the pace of growth but to make this institution a vibrant, dynamic and modern investment bank by implementing the best management practices. Delegation of authority at different levels, development of new products, induction of professional staff at all levels, collaboration with other significant players in the financial sector will be the hallmark of the new management.

The main area targeted for growth in financial year 2007 is leasing of industrial machinery which will enhance tax benefits for the Company. Priority will be given to quality of assets and business soundness. Four new branches will be fully operational in the current financial year increasing the total number to 18. The existing branches are being staffed by experienced manpower to meet future challenges for business development in the areas of leasing, investment banking, brokerage and deposit mobilization.

Besides, the management will focus on investment banking activities. A competent team of professionals has been inducted and investment banking activities have already taken off. Equity brokerage services started during the year will play an important role in the growth and profitability of the Company. During the days ahead, the Company will be in a position to undertake all investment banking functions.

CODE OF CORPORATE GOVERNANCE

It is confirmed on behalf of the directors that the Company has complied with all the stipulations listed under clause (xix) of the Code of Corporate Governance:

- a. The financial statements, prepared by the management fairly present Company's state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure from these has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. During the year seven Board meetings were held. Attendance by each director was as under:-

<u>Name of Director</u>	<u>Meetings Attended</u>
- Mr. Ahmed Saeed Chaudhry	6
- Mr. S. Amjad Ali	5
- Mr. Tajammal Hussain	7
- Mr. Imtiaz Ahmad Pervez	7
- Lt. Gen. (Retd.) Ghulam Safdar Butt	5
- Mr. Ali Aslam Malik	5
- Mian Ahmed Hussain	5
- Mr. Rashid Ahmed	5
- Mr. Mubashir A. Akhter (resigned-September, 2005)	1

- i. During the year, no trading in the shares of the Company was carried out by the directors, chief executive officer, chief financial officer, company secretary or their spouses and minor children, however following directors sold their shares to the new management as under:

- Mr. Tajammal Hussain	1,390,558
- Mr. S. Amjad Ali	56,179
- Mr. Imtiaz Ahmad Pervez	880,447

- j. Key operating and financial data of last six years is annexed as annexure A.
- k. Pattern of shareholding as at June 30, 2006 is annexed as annexure B.


AUDITORS

The present Auditors, M/s KPMG Taseer Hadi & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2007.

ACKNOWLEDGEMENT

The directors wish to place on record their gratitude for the guidance and support extended by the regulatory authorities, shareholders, valued customers and the financial institutions. We also take this opportunity to thank the Company's executives and staff for their hard work and commitment.

For and on behalf of the Board


 Rashid Ahmed
 Chief Executive Officer

ANNEXURE A

SIX YEARS FINANCIAL SUMMARY						
	(RUPEES IN MILLION)					
	2006	2005	2004	2003	2002	2001
Operational Results						
Total lease business	1,727	2,106	1,064	409	195	171
Revenues	733	420	229	157	98	108
Financial expenses	404	150	61	43	40	42
Total expenses	511	204	96	67	63	65
Profit before provisions	221	216	133	90	37	47
Profit after tax	202	225	120	48	10	4
Balance sheet						
Total assets	6,162	4,116	2,165	1,113	683	679
Paid-up capital	407	339	309	224	203	185
Reserves	567	466	272	206	178	186
Total equity	978	806	580	430	381	371
Earning per share	4.96	5.53	4.38	1.75	0.38	0.13
Book value per share	24.02	23.74	18.80	19.21	18.77	20.08
Dividend	15 % Cash Dividend	10 % Cash Dividend	15 % Cash Dividend	-	-	-
	15 % Stock Dividend	20 % Stock Dividend	10 % Stock Dividend	15 % Stock Dividend	10 % Stock Dividend	10 % Stock Dividend

ANNEXURE B

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2006**

Number of Shareholders	Shareholding		Total Number of Shares Held	Percentage
	From	To		
534	1	100	23,936	0.06
768	101	500	198,966	0.49
318	501	1,000	224,309	0.55
672	1,001	5,000	1,290,698	3.17
59	5,001	10,000	426,233	1.05
29	10,001	15,000	348,280	0.86
18	15,001	20,000	312,091	0.77
10	20,001	25,000	220,557	0.54
4	25,001	30,000	114,050	0.28
1	30,001	35,000	33,942	0.08
2	35,001	40,000	72,733	0.18
1	40,001	45,000	40,161	0.10
5	45,001	50,000	244,873	0.60
2	50,001	55,000	105,313	0.26
2	75,001	80,000	154,488	0.38
1	90,001	95,000	92,818	0.23
1	95,001	100,000	100,000	0.25
1	145,001	150,000	149,964	0.37
1	230,001	235,000	233,000	0.57
1	295,001	300,000	300,000	0.74
1	340,001	345,000	340,012	0.83
1	345,001	350,000	349,940	0.86
1	615,001	620,000	618,146	1.52
1	720,001	725,000	721,558	1.77
1	780,001	785,000	784,708	1.93
1	870,001	875,000	875,000	2.15
1	1,590,001	1,595,000	1,591,114	3.91
1	1,785,001	1,790,000	1,785,908	4.38
1	2,700,001	2,705,000	2,701,208	6.63
1	2,995,001	3,000,000	3,000,000	7.37
1	8,860,001	8,865,000	8,862,465	21.76
1	14,415,001	14,420,000	14,415,961	35.39
2,442			40,732,432	100.00

CATEGORY OF SHAREHOLDERS

AS AT JUNE 30, 2006

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Charitable Trust	1	29,000	0.07
Financial Institutions	11	3,609,164	8.86
Individuals	2,357	8,915,488	21.89
Insurance Companies	3	1,804,044	4.43
Investment Companies	7	8,450	0.02
Joint Stock Companies	47	17,439,279	42.81
Modarabas	7	57,077	0.14
ICP	1	3,665	0.01
Directors			-
Mr. Ahmed Saeed Chaudhry	1	600	0.00
Mr. S. Amjad Ali	1	500	0.00
Mr. Tajammal Hussain	1	500	0.00
Mr. Imtiaz Ahmad Pervez	1	500	0.00
Mr. Javaid B. Sheikh	1	500	0.00
Mr. Ali Aslam Malik	1	8,862,465	21.76
Mian Ahmed Hussain	1	600	0.00
Mr. Rashid Ahmed	1	600	0.00
TOTAL	2,442	40,732,432	100.00

SHARE-HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

Total Paid up capital of the Company	40,732,432	shares
10% of the paid up capital of the Company	4,073,243	shares

NAMES OF THE SHAREHOLDERS	No. of Shares Held	Percentage
Genesis Securities (Pvt.) Limited	14,415,961	35.39%
Mr. Ali Aslam Malik	8,862,465	21.76%
Total	23,278,426	57.15%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance 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 Code in the following manner;

1. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
2. 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 NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. A casual vacancy occurring in the Board due to sad demise of Lt. Gen. (Retd.) Ghulam Safdar Butt was filled up by the directors within 30 days thereof.
4. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company.
6. 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 and other executive directors, have been taken by the Board.
7. 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 meeting were appropriately recorded and circulated.
8. The Board has arranged orientation courses wherever possible for its directors to apprise them of their duties and responsibilities.
9. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
10. The directors' report for this year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. 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.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an audit committee. It comprises four members who all are non-executive directors including the chairman of the committee.

15. The meetings of 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 Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has set-up an effective internal audit function.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
18. 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.



Rashid Ahmed
Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Trust Leasing & Investment Bank Limited to comply with the Listing Regulations of the Karachi, Islamabad and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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 system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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.

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 of Corporate Governance effective as at June 30, 2006.

Place: Lahore
Date: 06 October 2006

KPMG Taseer Hadi & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Trust Leasing & Investment Bank Limited** ("the Company") as at 30 June 2006 and the related profit and loss account, cash flow statement and 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 Company'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 Company 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 Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and 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 Company's affairs as at 30 June 2006 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.


Place: Lahore
Date: 06 October 2006


KPMG Taseer Hadi & Co.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 Rupees	2005 Rupees
Non-Current Assets			
Fixed assets			
Property and equipment	4	45,243,974	36,183,290
Intangible asset	4	30,100,000	-
		75,343,974	36,183,290
Net investment in lease finance	5	2,763,532,300	2,181,321,967
Long term finances	6	36,842,368	427,258
Long term investments	7	63,638	15,980,621
Long term deposits		2,662,528	2,339,553
		2,803,100,834	2,200,069,399
		2,878,444,808	2,236,252,689
Current Assets			
Current maturities of non-current assets	8	1,135,376,448	771,171,218
Short term finances	9	18,350,000	87,778
Short term placements	10	1,056,769,714	115,000,000
Short term investments	11	364,417,113	17,608,706
Taxation -net		24,869,223	13,956,602
Markup accrued	12	15,152,007	6,597,012
Advances, prepayments and other receivables	13	519,116,022	680,416,384
Cash and bank balances	14	149,085,804	275,613,452
		3,283,136,331	1,880,451,152
		6,161,581,139	4,116,703,841
Equity and Liabilities			
Share capital	15	407,324,333	339,436,944
Reserves	16	566,790,693	466,525,230
		974,115,026	805,962,174
Surplus /(deficit) on revaluation of investments	17	4,318,268	(260,000)
		978,433,294	805,702,174
Non-Current Liabilities			
Term finance certificates	18	579,035,916	457,165,054
Long term certificates of investment	19	24,812,940	690,000
Long term borrowings	20	396,068,014	498,304,608
Long term deposits	21	930,775,452	618,547,057
Deferred taxation	35	15,036,526	-
Retirement benefits	22	5,580,463	2,616,832
		1,951,309,311	1,577,323,551
Current liabilities			
Current maturities of long term liabilities	23	566,459,496	407,791,680
Short term certificates of investment	24	705,855,800	296,714,000
Short term borrowings	25	1,826,738,265	952,819,861
Markup accrued	26	57,592,455	36,495,099
Trade and other payables	27	75,192,518	39,857,476
		3,231,838,534	1,733,678,116
		5,183,147,845	3,311,001,667
Contingencies and commitments		-	-
		6,161,581,139	4,116,703,841

The annexed notes 1 to 43 form an integral part of these financial statements.


Chief Executive


Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 Rupees	2005 Rupees
Revenue			
Income from lease operations	29	464,328,969	269,428,511
Income from investments	30	246,805,096	136,543,902
Income from brokerage		2,261,775	-
Other income	31	19,358,577	14,303,557
		<u>732,754,417</u>	<u>420,275,970</u>
Expenditure			
Finance cost	32	404,423,322	150,269,052
Administrative and operating expenses	33	98,399,487	46,049,834
Depreciation	4.1	7,045,348	5,865,324
Amortization and write off of deferred costs		-	1,911,279
Other charges	34	1,553,559	124,462
		<u>511,421,716</u>	<u>204,219,951</u>
		<u>221,332,701</u>	<u>216,056,019</u>
Operating profit before provisions and taxation			
Provision for potential lease losses	5.3 & 13.4	(26,419,310)	-
Provision for diminution in the value of investments	7.1.3.1	(1,176,983)	(1,009,379)
Surplus/(deficit) on revaluation of held for trading investments		27,396,664	(3,389,628)
		<u>(199,629)</u>	<u>(4,399,007)</u>
		<u>221,133,072</u>	<u>211,657,012</u>
Profit before taxation			
Taxation	35	(19,036,526)	13,616,318
		<u>202,096,546</u>	<u>225,273,330</u>
Profit after taxation			
Earnings per share - basic	36	4.96	5.53

The annexed notes 1 to 43 form an integral part of these financial statements.


Chief Executive


Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

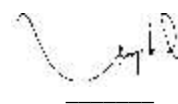
	Note	2006 Rupees	2005 Rupees
Cash flows from operating activities			
Profit before taxation		221,133,072	211,657,012
Adjustments for non cash items:			
Depreciation		7,045,348	5,865,324
Deferred costs		-	1,911,279
Amortization of transaction costs of term finance certificates		2,882,041	2,280,928
Provision for gratuity		3,249,063	1,120,420
Provision for doubtful receivables		26,419,310	(2,127,788)
Lease receivables written off		17,243	120,620
Finance cost		404,423,322	150,269,052
Loss on sale of property and equipment		1,270,911	3,842
Profit on sale of property and equipment		(423,350)	(1,226,800)
Surplus/(deficit) on revaluation of held for trading investments		(27,396,664)	3,389,628
Provision for diminution in the value of investments		1,176,983	1,009,379
Loss on sale of investments available for sale		1,623,099	-
		<u>420,287,306</u>	<u>162,615,884</u>
Operating profit before working capital changes		641,420,378	374,272,896
Changes in operating assets and liabilities			
(Increase)/decrease in:			
Long term and short term investments		(295,093,475)	27,676,353
Short term placements		(941,769,714)	(4,900,000)
Markup accrued		(8,554,995)	-
Advances, prepayments and other receivables		135,075,313	(585,463,051)
Long term and short term finances		(54,557,305)	1,657,804
Net investment in lease finance		(961,847,094)	(1,585,597,547)
Purchase of investments available for sale		(10,000,000)	-
Certificates of investment		423,914,740	172,053,452
Long term deposits		343,487,962	371,052,952
		<u>(1,369,344,568)</u>	<u>(1,603,520,037)</u>
Increase in trade and other payables		35,615,828	35,660,627
		<u>(1,333,728,740)</u>	<u>(1,567,859,410)</u>
Cash utilized in operations		(692,308,362)	(1,193,586,514)
Financial charges paid		(383,325,966)	(121,976,194)
Taxes paid		(14,912,621)	(2,606,240)
Gratuity paid		(285,432)	(37,350)
		<u>(398,524,019)</u>	<u>(124,619,784)</u>
Net cash used in operating activities		(1,090,832,381)	(1,318,206,298)

	<u>Note</u>	<u>2006</u> Rupees	<u>2005</u> Rupees
Cash flows from investing activities			
Purchase of property and equipment		(22,263,466)	(19,841,509)
Stock exchange membership		(15,000,000)	-
Long term deposits		(322,975)	(947,450)
Sale proceeds of investments		3,376,901	300,000
Sale proceeds of property and equipment		5,309,873	4,084,600
Net cash used in investing activities		(28,899,667)	(16,404,359)
Cash flows from financing activities			
Long and short term borrowings		968,521,655	942,825,056
Issue of term finance certificates		375,000,000	75,000,000
Redemption of term finance certificates		(150,011,179)	(55,700,398)
Repayment against assets subject to finance lease		-	(1,507,790)
Dividends paid		(34,224,480)	(44,841,857)
Net cash generated from financing activities		1,159,285,996	915,775,011
Net (decrease)/increase in cash and cash equivalents		39,553,948	(418,835,646)
Cash and cash equivalents at the beginning of the year		(57,206,409)	361,629,237
Cash and cash equivalents at the end of the year	37	(17,652,461)	(57,206,409)

The annexed notes 1 to 43 form an integral part of these financial statements.



Chief Executive





Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Share capital Rupees	Share premium Rupees	Reserve for issue of bonus share Rupees	Statutory reserve Rupees	General reserve Rupees	Unappropriated profit Rupees	Total Rupees
Balance as at 30 June 2004 as previously stated	308,579,040	70,714,920	30,857,904	70,718,246	61,000,000	38,818,734	580,688,844
Effect of change in accounting policy with respect to dividend declared subsequent to the year end	-	-	-	-	-	46,286,856	46,286,856
Effect of change in accounting policy with respect to bonus shares declared subsequent to the year end	-	-	(30,857,904)	-	-	30,857,904	-
Balance as at 30 June 2004 as restated	308,579,040	70,714,920	-	70,718,246	61,000,000	115,963,494	626,975,700
Final dividend for 2004 paid @ 15% (Rs 1.5 per share)	-	-	-	-	-	(46,286,856)	(46,286,856)
Bonus shares issued for 2004 @ 10%	30,857,904	-	-	-	-	(30,857,904)	-
Net profit for the year ended 30 June 2005	-	-	-	-	-	225,273,330	225,273,330
Transfer to statutory reserve	-	-	-	45,054,666	-	(45,054,666)	-
Balance as at 30 June 2005	339,436,944	70,714,920	-	115,772,912	61,000,000	219,037,398	805,962,174
Final dividend for 2005 paid @ 10% (Rs 1 per share)	-	-	-	-	-	(33,943,694)	(33,943,694)
Bonus shares issued for 2005 @ 20%	67,887,389	-	-	-	-	(67,887,389)	-
Net profit for the year ended 30 June 2006	-	-	-	-	-	202,096,546	202,096,546
Transfer to statutory reserve	-	-	-	40,419,309	-	(40,419,309)	-
Balance as at 30 June 2006	407,324,333	70,714,920	-	156,192,221	61,000,000	278,883,552	974,115,026

The annexed notes 1 to 43 form an integral part of these financial statements.


 Chief Executive


 Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 The Company's operations and registered office

Trust Leasing & Investment Bank Limited ("the Company") was incorporated in 1992 as a public limited Company under the Companies Ordinance, 1984 and is listed on Lahore, Karachi and Islamabad Stock Exchanges. The registered office of the Company is situated at 23-D/I-A, Gulberg, III, Lahore. The Company is mainly engaged in the business of leasing & investment banking. It is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The Company is a member of Lahore Stock Exchange (Guarantee) Limited.

Pakistan Credit Rating Agency Limited has maintained the long term credit rating of the Company at AA- (double A minus), while short term credit rating has also been maintained at A1+(A one plus) with stable out look. Rating of all categories of term finance certificates has been maintained at AA (double A).

2 Statement of compliance

These accounts have been prepared in accordance with the approved International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and interpretations issued by the Standards Interpretations Committee of the IASC, as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003, the Prudential Regulations for NBFCs, along with the requirements of the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Companies Ordinance, 1984, the Rules, the Regulations or the directives issued by the SECP differ with the requirements of these IAS, the requirements of the Ordinance, the Rules, the Regulations or the requirements of the said directives take precedence.

3 Significant accounting policies

3.1 Accounting Convention

The financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at their fair value or amortized cost as applicable.

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statement in subsequent years are discussed in note 41.

3.2 Taxation

Current

The charge for current taxation is based on taxable income at current rate of taxation of the Income Tax Ordinance, 2001 after taking into account applicable tax credits and rebates, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which deductible difference, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is calculated at the rates that are expected to apply to the period when differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited to income statement, except in case of items credited or charged to equity, in which case it is included in equity.

3.3 Property and equipment

These are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the diminishing balance method, except vehicles for which straight line method is used, at the rates specified in the fixed assets schedule, which are considered appropriate to write off the cost of the assets over their estimated useful lives.

Upto 30 June 2005, the Company charged full year depreciation on additions during the year and no depreciation in the year of disposal. However, as required by IAS-16 "Property, Plant and Equipment", the Company has revised its accounting estimate for charging depreciation whereby depreciation is charged from the month when assets are available for use upto the month in which the assets are disposed off. Such a change, being a change in accounting estimate, has been accounted for prospectively. Had there been no change in the estimate, the profit for the period and unappropriated profit would have been lower by Rs.172,466.

Normal repairs and maintenance are charged to revenue as and when incurred. Renewals and replacements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the items can be reliably measured, and assets so replaced, if any, are retired.

Gains and losses on disposal of property and equipment are recognized in the profit and loss account in the year of disposal.

3.4 Intangible assets

This is stated at cost less impairment losses, 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.

3.5 Financial instruments

Financial assets

Significant financial assets include short and long term finances, short and long term investments, short term placements, net investment in leases, advances and receivables, long term deposits and cash and bank balances. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost except for investments, which are revalued as per accounting policies.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include term finance certificates, short and long term borrowings, certificates of investment, deposits against lease arrangements, trade and other payables and dividends payable. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to the income in the current period.

The policies in respect of these financial instruments have been disclosed in the relevant policy notes.

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 Company has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Corresponding income on assets and charge on liability are reported at net amount.

3.6 Provisions

A provision is recognized when the Company has a present 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 a reliable estimate can be made of the amount of obligation.

3.7 Investments

The Company classifies its investments as held to maturity, available for sale, investments at fair value through profit and loss account and loans and receivables.

Initial measurement

All investments are initially recognized at cost being the fair value of the consideration given including acquisition cost.

Subsequent measurement

Held to maturity

The investments with fixed maturity or determinable payments where management has both intent and ability to hold to maturity are classified as held to maturity. These are stated at amortized cost using the effective interest rate method less impairment, if any. The amortization for the period is charged to the profit and loss account.

Investments at fair value through profit and loss account

These include investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margins, are classified as investments at fair value through profit and loss account. These are stated at fair values with any resulting surplus/(deficit) recognized in profit and loss account.

Available-for-sale

Investments which can not be classified as loans and receivables, held to maturity investments or financial assets at fair value through profit and loss are classified as available for sale investments.

Available-for-sale investments are measured at subsequent reporting dates at fair value for securities which have fair values. However all such securities for which fair value cannot be determined are valued at cost. Surplus/(deficit) on remeasurement is kept in a separate account and is shown in the balance sheet after the shareholders' equity, until the security is disposed off or is determined to be impaired, at which time, the cumulative surplus/(deficit) is included in the profit and loss account.

3.8 Trade and settlement date accounting

All "regular way" purchases and sales of listed securities are recognized on the trade date, i.e. the date that the Company commits to purchase/ sell the asset. Regular way purchase or sale of financial assets are those, the contract for which requires delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

3.9 Securities under repurchase/reverse repurchase agreements

Transactions of repurchase/ reverse repurchase of investment securities are entered into at contracted rate for specified periods of time and are accounted for as follows.

Repurchase agreements

Investments sold with the simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in 'borrowing' from banks/NBFC's. The difference between sale and repurchase price is treated as markup on borrowing from banks/NBFC's and accrued over the tenore of the repo agreement.

Reverse Repurchase agreements

Investments purchased with a simultaneous commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet. Amounts paid under these agreements are recorded as 'short term placements'. The difference between purchase and resale price is treated as return from funds placement with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of reverse repo agreement.

3.10 Term finances

Term finances originated by the Company are stated at cost less any amount written off and provision for doubtful finances, if any, in accordance with NBFCs prudential regulations.

3.11 Net investment in lease finance

Lease where the Company transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. Net investment in lease finances is recognized at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

3.12 Repossessed assets

The Company repossesses leased assets in settlement of non-performing finances provided to customers. Gains or losses on disposal are taken to the income in the current period unless recoverable from / payable to the customer. Major losses on the disposal of repossessed leased assets are accounted for as receivable till the final settlement with lessee. Minor losses on the disposal of repossessed vehicles are charged to the income in the current period.

3.13 Revenue recognition

Finance leases

The "financing method" is used for recognition of finance income on finance leases. Under this method, the unearned finance income i.e., the excess of aggregate lease rentals and the estimated residual value over the net investment is deferred and then amortized to income over the term of the lease on a systematic basis, so as to produce a constant rate of return on the Company's net investment in the finance lease.

Capital gains and losses on sale of investments

Capital gains or losses on the sale of investments are recognized in the period in which they arise.

Commission income

Brokerage commission and other advisory fees are recognized when such services are provided.

Processing fee, front end fee, penal charges and commission income

These are recognized as income when services are provided.

Return on finances , placements and term finances.

Return on finances provided, placements and term finances are recognized on time proportion basis.

Morabaha income

Mark-up/profit earned on finance under morabaha agreement and finance under buy-back agreement is recognized on a time proportion basis taking account of, where applicable, the relevant buy-back dates and prices, or where a specific schedule of recoveries is prescribed in the agreement, the respective dates when mark-up is required to be paid to the Company.

Income on bank deposits and reverse repo transactions

Income from bank deposits, investments, loans and advances is recognized on time proportion basis.

Guarantee commission

Commission income from guarantee is recognized on time proportion basis.

Dividend Income

Dividend income is recognized when right to receive dividend is established.

3.14 Return on certificates of investment and borrowings

Return on certificates of investment and borrowings is recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

3.15 Staff retirement benefits

Defined benefit plan - Gratuity fund

The Company operates an approved funded gratuity scheme for all of its permanent employees subject to a minimum qualifying period of six months of service. Provisions are made in accordance with the actuarial valuation using 'Projected Unit Credit method'.

Actuarial gains and losses arising as a result of actuarial valuation are recognized as income or expense to the extent that the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded 10% of the higher of present value of defined benefit obligation and the fair value of the plan assets as at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Gratuity is payable to employees on the completion of prescribed qualifying period of service under the scheme.

3.16 Provision for potential lease losses and loans

The provision for potential lease losses and installment loan losses is maintained at a level which is adequate to provide for potential losses on lease and installment loan portfolio in accordance with Prudential Regulations for NBFCs. Specific/General provision for potential lease and installment loan losses is maintained at a level which, in the judgment of the management, is adequate to provide potential losses on lease and installment loan portfolio that can be reasonably anticipated. The provision is increased by charge to income and is decreased by charge offs, net of recoveries.

The leases, loans and advances are written off when there are no realistic prospects of recovery.

3.17 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts

3.18 Borrowing costs

The borrowing cost incurred on debts of the Company is charged to income.

3.19 Transactions with related parties and transfer pricing

The Company enters into transactions with related parties on arms length basis. Prices for transactions with related parties are determined using comparable uncontrolled price method of transfer pricing, except for the assets sold to employees at written down value as approved by the board of directors.

Parties are said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa.

3.20 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupee at the foreign exchange rate ruling at the date of transaction. Assets and liabilities in foreign currency are translated at the rates of exchange prevailing on the balance sheet date. All exchange gains/losses are taken to profit and loss account.

3.21 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to identify the circumstances indicating the occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the revised recoverable amount. A reversal of the impairment loss is recognized in income.

3.22 Dividends

Dividend is recognized as a liability in the period in which it is declared.

3.23 Bonus shares

Bonus shares are recognized as an appropriation from profit in the period in which it is declared.

3.24 Subsequent event

- The management control of the Company has been transferred subsequent to year end. This change does not affect the financial statements.
- The board of directors have proposed a final cash dividend 15%, Rs. 1.5 per share (2005: 10%, Rs. 1 per share) and bonus shares 15%, 3 shares per 20 shares held (2005: 20%, 2 shares per 10 shares held).

	<u>Note</u>	<u>2006</u> Rupees	<u>2005</u> Rupees
4 Fixed assets			
Property and equipment	4.1	45,243,974	36,183,290
Intangible	4.2	30,100,000	-
		<u>75,343,974</u>	<u>36,183,290</u>

4.1 Property and Equipment

PARTICULARS	COST				DEPRECIATION			Book value as at 30 June 2006	Depreciation rate %		
	As at 01 July 2005	Additions during the year	Deletions during the year	As at 30 June 2006	As at 01 July 2005	For the year	Deletions			As at 30 June 2006	
OWNED											
Building on freehold land	14,359,938	2,858,000	-	17,217,938	1,297,021	795,665	-	2,092,686	15,125,252	5	
Leasehold improvements	4,346,746	2,899,786	(2,092,504)	5,154,028	869,349	978,033	(667,668)	1,179,714	3,974,314	20	
Office equipment and machines	5,937,669	3,646,162	(70,608)	9,513,223	2,816,749	1,044,058	(30,930)	3,829,877	5,683,346	20	
Furniture and fixtures	6,761,861	3,217,518	(12,500)	9,966,879	1,990,177	676,312	(2,713)	2,663,776	7,303,103	10	
Air-conditioning equipment	2,943,601	891,200	(124,000)	3,710,801	568,710	285,855	(51,085)	803,480	2,907,321	10	
Vehicles	13,701,990	8,750,800	(7,319,600)	15,133,190	4,326,509	3,265,425	(2,709,382)	4,882,552	10,250,638	20	
	Rupees 2006	48,051,805	22,263,466	(9,619,212)	60,696,059	11,868,515	7,045,348	(3,461,778)	15,452,085	45,243,974	
	<i>Rupees 2005</i>	33,744,256	23,621,509	(9,313,960)	48,051,805	8,675,504	5,865,324	(2,672,313)	11,868,515	36,183,290	

4.2 Intangible

PARTICULARS	COST			AMORTIZATION			Book value as at 30 June 2006
	As at 01 July 2005	Additions during the year	Deletions during the year	As at 01 July 2005	For the year	Deletions	
Lahore Stock Exchange Membership	-	30,100,000	-	-	-	-	30,100,000
	Rupees 2006	30,100,000	-	-	-	-	30,100,000
	<i>Rupees 2005</i>	-	-	-	-	-	-

TRUST LEASING & INVESTMENT BANK LIMITED

11 Short term investments

Note	2006			2005		
	Held by Company	Given as collateral	Total	Held by Company	Given as collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Investments at fair value through profit and loss account	11.1	188,291,345	151,807,500	340,098,845	17,608,706	- - 17,608,706
Investments available for sale	11.2	24,318,268	- -	24,318,268	- -	- - - -
		<u>212,609,613</u>	<u>151,807,500</u>	<u>364,417,113</u>	<u>17,608,706</u>	<u>- - - - 17,608,706</u>

11.1 Investments at fair value through profit and loss account

Investments held for trading	Shares/Units		Cost		Fair value	
	2006	2005	2006	2005	2006	2005
	Number	Number	Rupees	Rupees	Rupees	Rupees
Name of investee company						
Technology and communication						
Pakistan Telecommunication Company Limited	500,000	50,000	22,194,084	3,522,777	20,300,000	3,297,500
World Call Telecommunication Limited	588,425	- -	6,751,518	- -	5,266,404	- -
Energy and power						
Hub Power Company Limited	- -	50,000	- -	1,517,500	- -	1,320,000
Kot Addu Power Company Limited	- -	50,000	- -	2,461,370	- -	1,887,500
Pakistan Petroleum Limited	158,000	- -	35,904,483	- -	33,472,300	- -
Pakistan Oil fields Limited	93,000	- -	32,667,561	- -	31,136,400	- -
Oil & Gas Development Company Limited	155,000	- -	18,894,912	- -	21,196,250	- -
Pakistan State Oil Limited	35,000	- -	10,041,269	- -	10,815,000	- -
Modarabas						
First Punjab Modaraba	- -	253,500	- -	2,788,500	- -	2,332,200
Trust Modaraba	462	462	1,848	- -	2,356	1,848
Cement						
Fauji Cement Company Limited	- -	175,000	- -	2,780,117	- -	2,240,000
D.G.Khan Cement Limited	- -	50,000	- -	2,861,620	- -	2,787,500
Lucky Cement Limited	300,000	- -	32,457,068	- -	31,065,000	- -
Commercial banks						
PICIC Commercial Bank Limited	- -	80,000	- -	2,840,000	- -	2,660,000
Bank Alfalah Limited	8,332	25,000	487,944	1,132,500	333,280	1,018,750
Askari Commercial Bank Limited	16,500	- -	1,762,444	- -	1,279,575	- -
The Bank of Punjab Limited	400,000	- -	31,108,721	- -	33,080,000	- -
National Bank of Pakistan Limited	150,000	- -	31,430,067	- -	32,325,000	- -
Fysal Bank Limited	7,500	- -	575,451	- -	461,250	- -
Investments Companies						
Arif Habib Securities Limited	95,000	- -	38,238,046	- -	47,310,000	- -
Cable and Electronics						
Pak Electron Limited	403,000	- -	21,205,096	- -	42,697,850	- -
Automobiles						
Pak Suzuki Motors Company Limited	80,000	- -	22,402,944	- -	25,040,000	- -
Engineering						
Crescent Steel & Allied Products Limited	60,000	- -	4,424,762	- -	2,607,000	- -
Mutual Funds						
Golden Arrow Selected Stocks Funds Limited	- -	240	- -	- -	- -	1,452
PICIC Growth Fund Limited	- -	1,000	- -	53,930	- -	53,700
Sugar and Allied						
Haseeb Waqas Sugar Mills Limited	- -	200	- -	- -	- -	5,600
Textile Composite						
Azgard Nine	2	83	64	- -	45	2,656
Miscellaneous						
ECO Pakistan Limited	49,100	- -	2,153,898	- -	1,711,135	- -
			<u>312,702,180</u>	<u>19,958,314</u>	<u>340,098,845</u>	<u>17,608,706</u>

11.1.1 All shares have a face value of Rs.10.

11.1.2 Include shares of Rs.156,686,150 (2005: Rs. Nil) deposited with Lahore Stock Exchange in lieu of deposit under exposure rules.

11.1.3 The fair values are determined with reference to quoted stock exchange prices as at 30 June 2006.

11.2 Investments available for sale

2006	2005	Name	Face value per share/unit	2006		2005	
				Average total cost	Market value/recoverable value	Average total cost	Market value/recoverable value
No. of shares/units		Name of investee company		Rupees	Rupees	Rupees	Rupees
138,870	-	Faysal Balanced Growth Fund	100	11,290,000	14,756,326	-	-
200,334	-	Pakistan International Element Islamic Fund	50	10,000,000	9,561,942	-	-
				21,290,000	24,318,268	-	-

12 Markup accrued

	2006	2005
	Rupees	Rupees
Mark-up accrued on short term and long term finances	13,555,734	957,749
Mark-up accrued on advance against leases	1,596,273	5,639,263
	15,152,007	6,597,012

	<i>Note</i>	2006 Rupees	2005 Rupees
13 Advances, prepayments and other receivables			
Advance to employees-considered good	13.1	878,455	380,925
Advance against leases	13.2	57,581,890	296,155,300
Advance with brokers for purchase of securities		-	281,768,087
Advance against booked vehicles		1,000,200	55,913,800
Advance against purchase of fixed assets		28,283,187	5,879,500
Advance for stock exchange membership		-	15,100,000
Other advances - considered good		552,237	1,873,476
Initial transaction cost of term finance certificates		-	1,222,500
Receivable from broker	13.3	374,034,286	-
Receivable from brokerage customers		10,276,559	-
Prepayments		2,618,369	2,117,584
Miscellaneous receivables from lessees	13.4	41,210,680	19,701,432
Other receivables - considered good		2,680,159	303,780
		519,116,022	680,416,384

13.1 This represents advance to employees against salary and are adjustable against salary. The maximum aggregate balance due from the executives, chief executive and director is Rs. Nil (2005 : Rs. Nil).

13.2 These represent advances given to suppliers on behalf of lessees in respect of assets to be leased and are eventually transferred to net investment in lease finance when the assets are brought into use. Lessees are being charged with mark-up at 12% to 20 % (2005: 12% to 18%) per annum against advance.

13.3 This represents funds receivable from broker upon settlement of future contract for purchase and sale of securities.

13.4 Miscellaneous receivables from lessees

Considered good		41,210,680	19,701,432
Considered doubtful		19,220,638	8,389,241
Less: Provision against doubtful receivables	13.4.1	19,220,638	8,389,241
		-	-
		41,210,680	19,701,432

13.4.1 Provision against doubtful receivables

Opening balance		8,389,241	9,153,710
Charge for the year		11,125,049	1,467,533
Reversed during the year		(293,652)	(2,232,002)
Closing balance		19,220,638	8,389,241

14 Cash and bank balances

Cash in hand		134,755	120,508
With banks in:			
Deposit accounts		50,160,925	46,513,361
Current accounts		98,790,124	228,979,583
		148,951,049	275,492,944
		149,085,804	275,613,452

Note	2006		2005	
	No. of shares	Rupees	No. of shares	Rupees
15 Share capital				
Authorized				
Ordinary shares of Rs. 10 each	50,000,000	500,000,000	50,000,000	500,000,000
Preference shares of Rs. 10 each	30,000,000	300,000,000	30,000,000	300,000,000
	80,000,000	800,000,000	80,000,000	800,000,000
Issued, subscribed and paid up				
Ordinary shares of Rs. 10 each fully paid-up in cash	20,142,984	201,429,840	20,142,984	201,429,840
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	20,589,448	205,894,493	13,800,710	138,007,101
	40,732,432	407,324,333	33,943,694	339,436,941
15.1 Reconciliation of ordinary shares				
		2006		2005
		No. of shares		No. of shares
Opening balance of ordinary shares of Rs.10 each		33,943,694		30,857,904
Bonus shares issued during the year amounting to Rs.67,887,380 (2005: Rs.30,857,904)		6,788,738		3,085,790
Closing balance of ordinary shares of Rs.10 each		40,732,432		33,943,694

	<i>Note</i>	2006 Rupees	2005 Rupees
16 Reserves			
Capital reserves			
Share premium reserve		70,714,920	70,714,920
Statutory reserve	16.1	156,192,221	115,772,912
		226,907,141	186,487,832
Revenue reserves			
General reserve		61,000,000	61,000,000
Unappropriated profit		278,883,552	219,037,398
		339,883,552	280,037,398
		566,790,693	466,525,230
16.1 Statutory reserve			
Opening balance		115,772,912	70,718,246
Transfer from profit and loss account		40,419,309	45,054,666
		156,192,221	115,772,912

This represents special reserve created at the rate of 20% of profit for the year after taxation under regulation 2 of part III of SECP's NBFC's Prudential Regulations.

17 Surplus /(deficit) on revaluation of investments available for sale

Opening balance		(260,000)	(441,000)
Loss on sale of investment transferred to profit and loss account		1,550,000	- -
Net movement in the fair value during the year		3,028,268	181,000
Closing balance		4,318,268	(260,000)

18 Term Finance Certificates (TFCs) - secured

TFC I	18.1	202,875,000	234,375,000
TFC II-1st Tranche	18.2	262,500,000	337,500,000
TFC II-2nd Tranche	18.3	337,500,000	- -
		802,875,000	571,875,000
Less: Unamortized portion of the initial transaction cost		11,339,084	8,209,946
		791,535,916	563,665,054
Less: Current maturity	23	212,500,000	106,500,000
		579,035,916	457,165,054

- 18.1** These represent secured, rated and listed Term Finance Certificates (TFCs), being instrument of redeemable capital under the Companies Ordinance, 1984. The TFCs have a tenure of five (5) years and consist of Rs. 250 million out of which Rs. 200 million were offered to institutional investors for pre-IPO placements and Rs. 50 million to the general public. The TFCs are secured by way of first charge on the specific leased assets and associated lease rentals receivable with a margin of 25% and are issued in set of ten (10) TFCs, each set having an aggregate face value of Rs. 5,000.

The principal is repayable in ten un-equal semi-annual installments in arrears starting from 03 December 2003. Each TFC is redeemed on its due date through the dispatch of a crossed cheque to the registered holders of the TFC.

The profit is payable semi annually at State Bank of Pakistan discount rate + 2.0% with a floor of 9.00% and a cap of 14.00%. The profit rate is set three working days prior to the beginning of each semi-annual period for the profit due at the end of that semi-annual period.

The initial transaction cost is amortized on straight line basis in conjunction with the term of TFCs.

- 18.2** This represents first tranche of second issue of secured, rated and listed Term Finance Certificates (TFC's) being instrument of redeemable capital issued under the Companies Ordinance, 1984. The TFCs have a tenure of five (5) years and consist of Rs.375 million out of which Rs.300 million were offered to institutional investors for Pre-IPO placements and Rs. 75 million to the general public. The TFCs are secured by way of first charge on the specific leased assets and associated lease rentals receivable with a margin of 25% and are issued in set of ten (10) TFCs, each set having an aggregate face value of Rs. 5,000.

The principal is repayable in ten equal semi-annual installments in arrears starting from 17 January 2005. Each TFC is redeemed on its due date through the dispatch of a crossed cheque to the registered holders of the TFC.

The profit is payable semi annually at 6 months KIBOR + 300 bps per annum with a floor of 6 % and a cap of 10 %. The profit rate is set seven days before the start of semi- annual period for which the profit is being paid.

The initial transaction cost is amortized on straight line basis in conjunction with the term of TFCs.

- 18.3** This represents second tranche of second issue of secured, rated and listed Term Finance Certificates (TFC's) being instrument of redeemable capital issued under the Companies Ordinance, 1984. The TFCs have a tenure of five (5) years and consist of Rs.375 million of which Rs.300 million were offered to institutional investors for Pre-IPO placements and Rs. 75 million to the general public. The TFCs are secured by way of first charge on the specific leased assets and associated lease rentals receivable with a margin of 25% and are issued in set of ten (10) TFCs, each set having an aggregate face value of Rs.5,000.

The principal is repayable in ten equal semi-annual installments in arrears starting from 15 May 2006. Each TFC is redeemed on its due date through the dispatch of a crossed cheque to the registered holders of the TFC.

The profit is payable semi annually at 6 months KIBOR + 200 bps per annum with no floor and no cap. The profit rate is set seven days before the start of semi- annual period for which the profit is being paid.

The initial transaction cost is amortized on straight line basis in conjunction with the term of TFCs.

	<i>Note</i>	2006 Rupees	2005 Rupees
19 Long term certificates of investment - unsecured			
Local currency			
- Corporate		16,022,940	1,150,000
- Individuals		8,790,000	8,890,000
	<i>19.1</i>	24,812,940	10,040,000
Less: Current maturity	<i>23</i>	-	9,350,000
		24,812,940	690,000

19.1 These represent deposits received by the Company as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates are issued for a period of 3 years to 5 years under profit and loss sharing basis at rates of profit ranging from 10% to 14% (2005: 12 % to 14 %) per annum.

20 Long term borrowings - secured

Banking companies and other financial institutions:

Muslim Commercial Bank Limited	<i>20.1</i>	4,166,670	12,500,000
The Bank of Punjab	<i>20.2</i>	91,969,694	43,181,816
Faysal Bank Limited	<i>20.3</i>	10,416,669	37,416,666
Askari Commercial Bank Limited	<i>20.4</i>	33,333,332	50,000,000
Allied Bank Limited	<i>20.5</i>	139,999,999	83,333,333
National Bank of Pakistan	<i>20.6</i>	83,333,333	141,666,667
Habib Bank Limited	<i>20.7</i>	91,666,666	141,666,667
Pak Kuwait Investment Company (Pvt.) Limited	<i>20.8</i>	33,333,332	50,000,000
Pak Oman Investment Company (Pvt.) Limited	<i>20.9</i>	50,000,000	75,000,000
Syndicated Term Finance	<i>20.10</i>	80,140,361	92,573,251
Soneri Bank Limited	<i>20.11</i>	50,000,000	50,000,000
Saudipak Industrial & Agricultural Investment Company (Pvt.) Limited	<i>20.12</i>	37,499,999	-
		705,860,055	777,338,400
Less: Current portion shown under current liabilities	<i>23</i>	309,792,041	279,033,792
		396,068,014	498,304,608

20.1 This represents a facility of Rs. 25 million secured against first charge on specific leased assets and related receivables and carries mark-up rate of 6 month T bills cut off yield + 4% per annum with a floor of 7.5%. It is repayable in twelve equal quarterly installments starting from 06 January 2004.

20.2 This represents two facilities of an aggregate amount of Rs. 200 million. The facilities are secured against first charge on specific leased assets and related receivables. These carry mark-up rate of 6 months KIBOR + 175 bps to 6 month KIBOR + 225 bps per annum with a floor of 5% and 4.5% respectively. These facilities are repayable in twelve quarterly installments starting from 05 December 2003 and 31 March 2006 respectively.

20.3 These represent two facilities of an aggregate amount of Rs. 55 million. The facilities are secured against first charge on specific leased assets and related receivables and carry mark-up rate of 6 months KIBOR + 150 bps per annum. These facilities are repayable in twelve equal quarterly installments starting from 07 February 2004 and 05 April 2004 respectively.

- 20.4** This represents facility of Rs. 50 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up rate of 6 months KIBOR + 250 bps per annum. The facility is repayable in twelve equal quarterly installments starting from 30 August 2005.
- 20.5** These represent two facilities of an aggregate amount of Rs. 200 million. The facilities are secured against first charge on specific leased assets and related receivables. They carry mark-up rate ranging from 6 months KIBOR + 200 bps to 6 months KIBOR + 250 bps per annum with a floor of 7%. The facilities are repayable in six and ten equal half yearly installments starting from 28 June 2005 and 30 June 2005 respectively.
- 20.6** These represent two facilities of an aggregate amount of Rs. 150 million. The facilities are secured against first charge on specific leased assets and related receivables and carry mark-up rate ranging from 6 months KIBOR + 150 bps to 6 months KIBOR + 200 bps per annum. These are repayable in twelve equal quarterly installments starting from 30 June 2006 and 31 March 2005 respectively.
- 20.7** These represent two facilities of an aggregate amount of Rs. 150 million. The facilities are secured against first charge on specific leased assets and related receivables and carry mark-up rate of 6 months KIBOR+200 bps per annum with a floor of 5%. These are repayable in twelve equal quarterly installments starting from 04 February 2005 and 17 September 2005 respectively.
- 20.8** This represents facility of Rs. 50 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up rate of 6 months KIBOR + 245 bps per annum. The facility is repayable in twelve equal quarterly installments starting from 27 September 2005.
- 20.9** This represents facility of Rs. 75 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up rate of 6 months KIBOR + 250 bps per annum. The facility is repayable in twelve equal quarterly installments starting from 08 September 2005.
- 20.10** This represents a syndicated term finance facility of Rs. 100 million from Saudi Pak Industrial and Agricultural Investment Company (Private) Limited along with Pak Oman Investment Company Limited and Pak Libya Holding Company (Private) Limited. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up rate of 6 months KIBOR + 225 bps per annum. The facility is repayable in eight equal half yearly installments starting from 15 June 2005.
- 20.11** This represents facility of Rs. 50 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up rate of 6 months KIBOR + 250 bps per annum. The facility is repayable on completion of three years period starting from 15 December 2004.
- 20.12** This represents facility of Rs. 50 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up rate of 6 months KIBOR + 250 bps per annum. The facility is repayable in twelve equal quarterly installments starting from 18 October 2005.

	<i>Note</i>	2006 Rupees	2005 Rupees
21 Long term deposits			
Margin against letter of guarantee		600,000	-
Deposits against lease arrangements	<i>21.1</i>	974,342,907	631,454,945
Less: Current maturity	<i>23</i>	44,167,455	12,907,888
		930,175,452	618,547,057
		930,775,452	618,547,057

21.1 These represent the interest free security deposits (lease key money) received on lease contracts and are adjustable at the expiry of their respective lease periods.

	<i>Note</i>	2006 Rupees	2005 Rupees
22 Retirement benefits			
22.1 Movement in liability recognized in the balance sheet			
Net liability as at 01 July 2005		2,616,832	1,533,762
Amount recognized during the year	22.1.1	3,249,063	1,120,420
Payments made by the Company		(285,432)	(37,350)
Net liability as at 30 June 2006	22.1.2	5,580,463	2,616,832
22.1.1 Amounts charged to profit and loss account during current year			
Current service cost		2,502,282	583,701
Interest cost		585,613	354,691
Expected return on plan assets		(173,088)	(142,846)
Actuarial (gains)/loss - charge for the year		47,834	-
Past service cost - charge for the year		-	38,452
Liability/(asset) charge due to application of IAS-19		286,422	286,422
Total included in staff cost		3,249,063	1,120,420
22.1.2 Reconciliation of liability recognized in the balance sheet in respect of gratuity			
Present value of defined benefit obligations		17,912,230	6,506,811
Less: Fair value of plan assets		(2,009,397)	(1,923,197)
Less: Actuarial gains/(losses) to be recognized in later periods		(9,749,527)	(1,272,517)
Add: Benefits due but not paid		-	165,000
Less: Unrecognized transitional liability to be recognized in later periods		(572,843)	(859,265)
Balance sheet liability		5,580,463	2,616,832
22.1.3 Actual return on the plan assets			
Expected return on the plan assets		170,388	142,846
Actuarial gain/(loss) on plan assets		(86,888)	(5,224)
Actual return on the plan assets		83,500	137,622
22.1.4 Qualified actuary carried out the valuation as on 30 June 2006 using the Projected Unit Credit Method.			
Discount rate		9% per annum	9% per annum
Expected rate of increase in salary		8% per annum	8% per annum
Expected rate of return on plan assets		9% per annum	8% per annum
Expected average remaining years until vesting as on 30 June		14 years	12 years

	<i>Note</i>	2006	2005
		Rupees	Rupees
23			
Current maturities of long term liabilities			
Term finance certificates - secured	<i>18</i>	212,500,000	106,500,000
Certificates of investment - unsecured	<i>19</i>	-	9,350,000
Long term borrowings - secured	<i>20</i>	309,792,041	279,033,792
Long term deposits	<i>21</i>	44,167,455	12,907,888
		<u>566,459,496</u>	<u>407,791,680</u>

24 Short term certificates of investment - unsecured

Local currency			
- Financial institutions		600,000,000	187,000,000
- Corporate		94,253,050	99,440,950
- Individuals		11,602,750	10,273,050
	<i>24.1</i>	<u>705,855,800</u>	<u>296,714,000</u>

24.1 These represent unsecured short term certificates of investment for a period of three months to one year. These carry mark-up rate ranging from 6.00% to 11.90% (2005: 6.00% to 11.00%) per annum.

25 Short term borrowings

Banking companies and other financial institutions:

Short term loans - secured	<i>25.1</i>	-	70,000,000
Running finances - secured	<i>25.2</i>	166,738,265	332,819,861
Placements from financial institutions - unsecured	<i>25.3</i>	1,660,000,000	550,000,000
		<u>1,826,738,265</u>	<u>952,819,861</u>

25.1 These represent short term loans from commercial banks carrying mark-up rate at 7.51% (2005 : 6%) per annum payable on quarterly basis.

25.2 These represent running finances utilized from commercial banks. The total limits against running finances amount to Rs. 428.00 million (2005: Rs. 320.00 million). These carry mark-up rate ranging from 3 months KIBOR + 200 bps to 6 months KIBOR + 200 bps (2005: 6 month KIBOR + 100 bps to 6 month KIBOR + 200 bps) per annum payable on quarterly basis.

The above facilities have been obtained for a period of one year and are secured against promissory notes, first charge on specific leased assets, related receivables and pledge of shares.

Securities given as collateral against borrowings - carrying amount

Quoted shares	<u>151,807,500</u>	-	-
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The running finance facility obtained from Bank Al-Habib is secured against the pledge of shares of different listed companies.

25.3 These represent unsecured short term placements of one month to three months obtained from financial institutions carrying mark-up rate ranging from 9 % to 12.20 % (2005: 8.90% to 12.00%).

	<i>Note</i>	2006 Rupees	2005 Rupees
26 Mark-up accrued			
Secured			
- Short and long term borrowings		23,136,393	15,848,079
- Term finance certificates		18,336,069	15,867,284
		41,472,462	31,715,363
Unsecured			
- Certificates of investment		11,245,815	4,779,736
- Pre-IPO deposits of preference shares		4,874,178	-
		16,119,993	4,779,736
		57,592,455	36,495,099
27 Trade and other payables			
Payable to National Clearing Company of Pakistan Limited		46,968,225	-
Customer's credit balances		12,691,775	-
Advance receipt against leases	27.1	8,533,782	27,945,206
Unclaimed dividend		1,411,709	1,692,495
Accrued liabilities		225,371	1,670,066
Other liabilities		5,361,656	8,549,709
		75,192,518	39,857,476

27.1 These represent initial security deposit received from lessees before the structuring of leases.

28 Contingencies and commitments

28.1 Contingencies

28.1.1 The Company has issued a guarantee to SNGPL for Sui gas connection on behalf of a client amounting to Rs. 3 million for a period of two years.

28.1.2 In a suit filed, pending for ratable distribution of sale proceeds of a property auctioned by the Company on the order of the Banking Court, the Lahore High Court directed the Company to deposit the sale proceeds of that property amounting to Rs 25.650 million with the Court. However, the Company has obtained a stay against the order. The Company's lawyer is of the opinion that the maximum share of other party will be Rs 8.53 million if the case is decided against the Company.

28.2 Commitments

28.2.1 Lease commitments approved but not disbursed as on balance sheet date amount to Rs.133.541 million (2005 : Rs. 194.362 million)

28.2.2 Commitment for the purchase of office amounting to Rs. 48.75 million (2005 :Rs. Nil)

28.2.3 The Company has committed to make delivery of shares already held to settle the transaction of future sale contract of shares subsequent to the year end amounting to Rs. 374 million (2005: Rs. Nil)

	<i>Note</i>	2006 Rupees	2005 Rupees
29 Income from lease operations			
Finance lease income		386,791,720	210,347,858
Front end fee		9,225,988	17,753,820
Commitment and other fees		1,401,506	4,235,823
Miscellaneous	29.1	66,909,755	37,091,010
		464,328,969	269,428,511
29.1 Miscellaneous lease income			
Mark-up on lease advance		7,381,204	17,150,711
Additional lease rentals		59,528,551	19,940,299
		66,909,755	37,091,010
30 Income from investments			
Profit on disposal of investment held for trading		32,695,613	5,622,100
Profit on disposal of shares under reverse repurchase agreements		172,884,285	127,710,124
Profit on disposal of shares purchased under future contract		34,209,137	- -
Profit on short term placements		3,486,918	- -
Dividend income		5,152,242	3,211,678
Loss on disposal of investments available for sale		(1,623,099)	- -
		246,805,096	136,543,902
31 Other income			
Income from financial assets			
Profit on short term financing /morabaha		1,951,109	183,670
Profits on bank deposits		185,079	12,481
Income from other than financial assets			
Gain on disposal of operating fixed assets	4.3	423,350	1,226,800
Income on booked vehicles		6,892,213	8,390,649
Commission income		4,181,562	1,036,942
Reversal of provision for lease losses		- -	2,127,788
Gain on disposal of repossessed assets		- -	348,736
Miscellaneous		5,725,264	976,491
		19,358,577	14,303,557
32 Finance cost			
Mark-up on long term borrowings		80,737,664	26,190,141
Mark-up on term finance certificates		89,848,399	51,762,882
Mark-up on short term borrowings		141,370,497	38,902,044
Mark-up on certificates of investment		60,794,500	18,908,610
Mark-up on running finance		22,349,622	11,692,099
Commitment and other processing fee		401,344	89,585
Bank charges and commission		4,047,118	2,723,691
Markup payable on pre-IPO deposits of preference shares		4,874,178	- -
		404,423,322	150,269,052

	<i>Note</i>	2006	2005
		Rupees	Rupees
33			
Administrative and operating expenses			
Salaries and other benefits		62,078,419	22,029,659
Printing and stationery		2,267,437	1,417,044
Vehicle running and maintenance		3,208,112	1,691,373
Postage, telephone and telex		4,038,666	2,385,838
Traveling and conveyance		765,643	879,727
Boarding and lodging		516,418	548,446
Entertainment		1,767,995	903,874
Advertisement		1,234,065	1,606,790
Electricity, gas and water		2,524,196	1,687,581
Newspapers and periodicals		174,311	116,748
Auditors' remuneration	33.1	300,600	221,825
Fee and subscription		1,103,328	625,090
Corporate		2,602,644	2,178,276
Gratuity		3,249,063	1,120,420
Software		164,272	75,000
Rent, rates and taxes		3,903,376	3,011,532
Insurance		915,158	668,518
Donation	33.2	302,310	145,520
Office maintenance		2,601,642	1,881,050
Legal and professional charges		1,913,247	1,640,094
Security charges		656,513	322,050
Staff training		25,900	66,094
Business promotion		242,380	244,000
CDC and clearing charges		1,082,526	- -
Miscellaneous		761,266	583,285
		98,399,487	46,049,834

33.1 Auditors' remuneration

Audit fee	150,000	150,000
Certifications fee and other services	95,000	20,000
Out of pocket expenses	55,600	51,825
	300,600	221,825

33.2 Donations include payment of Rs. 50,000 (2005 : Rs. Nil) to Lahore Businessmen Association for Rehabilitation of Disabled (LABRAD) LCCI building 11-Shara-e-Aiwan-e-Tijarat, Lahore. The director, Mr. Imtiaz Pervez is the general secretary in above said association. With the exception of this, the other directors and their spouses have no interest in the donees.

	<i>Note</i>	2006 Rupees	2005 Rupees
34 Other charges			
Lease receivable written off		17,243	120,620
Loss on disposal of operating fixed assets		1,270,911	3,842
Loss on disposal of repossessed assets		199,405	- -
Penalties imposed by the State Bank of Pakistan		66,000	- -
		1,553,559	124,462
35 Provision for taxation			
For the year			
- Current	35.1	4,000,000	2,200,000
- Deferred	35.2	15,036,526	(4,500,000)
		19,036,526	(2,300,000)
For the prior years		- -	(11,316,318)
		19,036,526	(13,616,318)

35.1 The current year tax is based on minimum turnover tax under section 113 of the Income Tax Ordinance, 2001 due to tax loss during the year, as a result of this, tax charge reconciliation has not been given.

35.2 Deferred tax liability comprises of taxable temporary differences amounting to Rs. 345.242 million and deductible temporary differences amounting to Rs. 330.205 million.

		2006	2005
36 Earnings per share - basic			
Profit for the year after taxation	<i>Rupees</i>	202,096,546	225,273,330
Weighted average number of ordinary shares	<i>Numbers</i>	40,732,432	40,732,432
Earnings per share (2005 restated)	<i>Rupees</i>	4.96	5.53

36.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on its earning per share.

37 Cash and cash equivalents			
Cash in hand		134,755	120,508
Cash at banks		148,951,049	275,492,944
Short term running finance		(166,738,265)	(332,819,861)
		(17,652,461)	(57,206,409)

38 Remuneration of chief executive, executives and directors

	Chief Executive		Directors		Executives	
	2006	2005	2006	2005	2006	2005
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	1,860,443	1,438,840	5,677,055	4,013,796	762,180	-
Housing and utilities	420,045	831,609	594,911	656,362	419,196	-
Bonus	728,000	220,500	21,650,000	1,200,000	280,000	-
Medical	87,117	84,260	-	-	49,220	-
Others	560,898	126,390	119,525	1,348,120	161,366	-
Gratuity	182,000	110,250	660,000	600,000	58,000	-
	3,838,503	2,811,849	28,701,491	7,818,278	1,729,962	-
Number of persons	2	2	2	2	1	-

38.1 The amount of bonus includes Rs. 20 million paid to one of the directors for his meritorious services.

38.2 In addition to the above remuneration, the chairman, chief executive and director were also provided with free use of Company maintained vehicles.

38.3 No fee was paid to directors for attending the board meetings (2005: Nil).

39.1 Credit risk

Credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligations in transactions involving financial instruments. The Company has established procedures to manage credit exposure including credit approvals, credit limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines and requirements of the Prudential Regulations for NBFC. The Company also manages risk through an independent credit department which evaluates customers credit worthiness and growth potential.

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

The Company manages concentration of credit risk exposure through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Company has established exposure limits for single leases and industrial sectors. The Company has an effective rental monitoring system, which allows it to evaluate customers credit worthiness and identify classified portfolio. An allowance for potential lease, installment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease, installment and other loan portfolio that can be reasonably anticipated.

An analysis by class of business of the Company's net investment in finance leases is given below:

The company has no significant concentration of credit risk, with exposure spread over a large number of lessees.

	June 2006	%	June 2005	%
	Rupees		Rupees	
Industrial sectors				
Chemical & fertilizer	18,044,936	0.18	20,527,504	0.68
Construction	8,920,577	0.24	844,118	0.03
Education	291,468	0.01	5,504,102	0.18
Financial institutions	20,766,236	0.57	26,154,184	0.87
Health care	19,486,821	0.40	21,101,402	0.70
Hotels	696,259	0.01	1,378,862	0.05
Individuals / auto lease	1,920,310,794	48.93	1,166,985,534	38.60
Insurance companies	19,342,143	0.50	16,651,199	0.55
Miscellaneous manufacturing	77,069,791	1.65	80,663,328	2.67
Miscellaneous services	33,591,941	0.74	48,133,488	1.59
Natural gas & LPG	78,681,103	2.00	64,208,809	2.12
Paper & board	9,405,032	0.24	7,849,591	0.26
Steel & engineering	28,619,677	0.69	61,828,413	2.05
Sugar & allied	27,296,873	0.61	28,687,200	0.95
Textile composite	100,355,297	0.69	108,525,233	3.59
Textile knitwear / apparel	77,191,908	1.68	76,415,171	2.53
Textile spinning	9,066,307	0.22	17,424,694	0.58
Transport & communication	1,578,410,730	40.65	1,270,058,307	42.01
	4,027,547,893	100	3,022,941,139	100

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below summarizes the maturity profile of the assets and liabilities.

	Upto three months	Over three months to one year	Over one year to three years	Over three years to five years	Over five years	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Maturities of assets and liabilities						
Assets						
Property and equipment	-	-	-	-	45,243,974	45,243,974
Intangible assets	-	-	-	-	30,100,000	30,100,000
Net investment in lease finance	564,965,328	435,199,918	1,647,633,407	1,211,187,749	39,910,917	3,898,897,319
Long term finances	-	11,429	36,842,368	-	-	36,853,797
Long term investments	-	-	63,638	-	-	63,638
Long term deposits	-	-	-	-	2,662,528	2,662,528
Short term finances	-	18,350,000	-	-	-	18,350,000
Short term placements	915,755,614	141,014,100	-	-	-	1,056,769,714
Short term investments	364,417,113	-	-	-	-	364,417,113
Taxation -net	-	24,869,223	-	-	-	24,869,223
Markup accrued	15,152,007	-	-	-	-	15,152,007
Advances, prepayments and other receivables	393,415,199	125,700,823	-	-	-	519,116,022
Cash and bank balances	149,085,804	-	-	-	-	149,085,804
	2,402,791,065	745,145,493	1,684,539,413	1,211,187,749	117,917,419	6,161,581,139
Liabilities						
Term finance certificates	37,500,000	175,000,000	440,375,000	138,660,916	-	791,535,916
Long term certificates of investment	-	-	-	5,512,940	19,300,000	24,812,940
Long term borrowings	67,386,360	242,405,681	386,068,014	10,000,000	-	705,860,055
Long term deposits	11,041,864	33,125,591	298,971,182	604,614,341	27,189,929	974,942,907
Deferred taxation	-	-	-	-	15,036,526	15,036,526
Retirement benefits	-	-	-	-	5,580,463	5,580,463
Short term certificates of investment	663,492,783	42,363,017	-	-	-	705,855,800
Short term borrowings	1,660,000,000	166,738,265	-	-	-	1,826,738,265
Markup accrued	57,592,455	-	-	-	-	57,592,455
Trade and other payables	72,712,389	2,480,129	-	-	-	75,192,518
	2,569,725,851	662,112,683	1,125,414,196	758,788,197	67,106,918	5,183,147,845
Net assets	(166,934,786)	83,032,810	559,125,217	452,399,552	50,810,501	978,433,294
Equity						
Share capital						407,324,333
Reserves						566,790,693
						974,115,026
Surplus /(deficit) on revaluation of investments						4,318,268
						978,433,294

39.3 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 amount and the fair value estimates.

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

39.4 Interest rate risk exposure

Changes in interest/mark-up rates or in the relationships between short and long term interest/mark-up rates can affect the rates charged on interest/mark-up earning assets differently than the rates paid on interest bearing liabilities. This can result in an increase in interest/mark-up expense relative to finance income or vice versa. The Company manages its floating rate borrowing by fixing cap on rates.

40 Transactions with related parties

Related parties comprise of directors, entities over which directors are able to exercise significant influence, entities with common directors, major shareholders, key management employees and employees' fund. The transactions and balances with related parties, other than those which have been disclosed in the relevant notes are disclosed as follows:

	2006 Rupees	2005 Rupees
First Pakistan Securities Limited		
Payment of brokerage expenses	1,107,586	7,336,443
Amount due against leases	1,561,204	2,043,749
Finance income charged during the period	195,179	139,363
Deposits against lease arrangements	296,570	-
MCD Pakistan Limited		
Amount due against leases	591,146	915,924
Finance income charged during the period	60,074	61,754
Deposit against lease arrangements	169,000	-
First National Equities Limited		
Amount due against leases	2,469,116	3,598,182
Finance income charged during the period	343,322	198,106
Deposit against lease arrangements	641,400	-
Arrangement fee for preference shares	500,000	500,000
Switch Securities (Private) Limited		
Payment of brokerage expenses	853,947	1,722,347
Amount due against leases	1,753,735	2,443,571
Finance income charged during the period	251,318	98,222
Deposit against lease arrangements	321,050	-
The United Insurance Company of Pakistan Limited		
Amount due against leases	24,450,745	18,292,603
Finance income charged during the period	2,224,804	1,787,972
Deposit against lease arrangements	6,952,238	-
Executives		
Certificates of investment	-	400,000
Profit paid on certificates of investment	-	69,561
Rent paid for office premises	-	305,000
Employees' retirement fund		
Payment made	285,432	37,350

41 Accounting estimates and judgments

Income taxes

The Company takes into account the current income tax laws and decision taken by appellate authorities. Instances where the Company's view differ from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. Further more the Company may be able to avail the benefits of advance payments of tax, provided sufficient taxable profits are available in next five years when this credit can be utilized.

Gratuity fund

Certain actuarial assumptions have been adopted as disclosed in note no. 21 to the financial statements for the valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

Property and equipment

The depreciable lives of fixed assets are based on management's estimate. The Company reviews the value of assets for possible impairments on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with the corresponding affect on the depreciation charged and impairment.

Provision against net investments in lease finance and other receivables

The Company takes into account the requirements of applicable laws along with its own judgment while assessing the amount of loss against investment in lease finances, income from lease operations and other receivables. Provisions are reversed only when parties become regular after making payments and as per the requirements of applicable rules.

42 Authorization

These financial statements were authorized for issue on 06 October 2006 by the Board of Directors.

43 General

43.1 Corresponding figures

Previous year's figures have been rearranged, wherever necessary for the purpose of comparison. Material rearrangements are summarized below:

- Mark up accrued previously shown in trades and other payables has been classified as a separate line item on face of balance sheet.

43.2 Figures have been rounded off to the nearest of rupee.

Chief Executive

Director

Trust Leasing & Investment Bank Limited

Proxy Form

I/We _____ of _____ (full address) being a member of Trust Leasing & Investment Bank Limited hereby appoint _____

of _____ (full address) as my proxy to attend and vote for me and on my behalf at the 15th Annual General Meeting of the Company to be held on Monday, October 30, 2006 and at any adjournment thereof.

As witness my hand this _____ day of _____ 2006

Signed by the said _____

in presence of _____

full address _____

Please affix revenue stamp

Signature of Witness _____ Signature of Member _____

Shareholder's Folio No. _____ Number of Shares held _____

- 1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of him. No person shall act as a proxy, who is not a member of the company except that a Company may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorised in writing. If the member is a Company its common seal should be affixed to the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the meeting.

The Company Secretary
Trust Leasing & Investment Bank Limited
23-D/1-A, Gulberg - III, Lahore.
Tel: (042) 576-2985, 576-3323
Fax: (042) 587-6907
E. mail: tlcl@trustleasing.com
Website: www.trustleasing.com

**AFFIX
PERFECT
POSTAGE**

Head Office:
23-D/1-A, Gulberg, III, Lahore.
Tel: (042) 5870727, 5762985, 5763323,
Fax: (042) 5876907
E-mail: tlcl@trustleasing.com