Annual Report

2012

TRUST BANK

Trust Investment Bank Limited

TRUST BANK

Contents

Vision & Mission Statement

Vision

Our purpose is to help our clients make financial decisions with confidence. We use our resources to develop effective solutions and services for our clients.

Mission

We are determined to be the best financial services company. We focus on wealth, asset management, investment banking and securities businesses. We continually earn recognition and trust from clients, shareholders and staff through our ability to anticipate learn our shape our future. We share a common ambition to succeed by delivering quality in what we do. We foster a distinctive, meritocratic culture of ambition, performance and learning as this attracts, retains and develops the best talent for our company. By growing both our clients and our talented team, we add sustainable value for our shareholders.

Our purpose is to help our clients meet their goals. Our goal is to achieve excellence in what we do as individuals and as a firm.

We will succeed if our ideas are the best: our execution of those ideas and our service to clients are second to none: and if we attract the best people and give them the encouragement and opportunity to develop their talents.

We will succeed if we are committed to an open environment that prizes diversity of opinion and encourages every one of us to independent thought and objectively.

We are stronger as a whole than as individuals, and we will succeed if we are collaborative, contributing members of the same team. We are each responsible for the well being of the firm, our integrity will not be compromised.

Company Information

Board of Directors

Mr. Asif Kamal	Chairman
Mr. Humayun Nabi Jan	Director
Mr. Khalid Rafiq	Director
Mr. Munawar Ali	Director
Mr. Shazib Masud	Director
Mr. Mumtaz Ahmed	Director
Mr. Sajjeed Aslam	Director
Mr. Shahid Iqbal	Chief Executive

Audit Committee

Mr. Munawar Ali	Chairman
Mr. Asif Kamal	Member
Mr. Sajjeed Aslam	Member

Controller Accounts & Finance
Mr. Muhammad Zubair

Company Secretary
Mr. Awais Yasin

Auditors
Zahid Jamil & Company
Chartered Accountants
A member firm of IGAF POLARIS

Legal Advisor
Nawaz Kasuri & Rashdeen Law Chambers

Registrars
Vision Consulting Limited
1st Floor, 3-C, LDA Flats, Lawrence Road, Lahore.
Tel: 042-36375531 & 36375339, Fax: 042-36374839

Registered & Head Office
6th Floor, M. M. Tower, 28-A/K,
Gulberg-II, Lahore.
Tel: 042-3581 7601-05 Fax: 042-3581 7600
Email: info@trustbank.com.pk
Website: www.trustbank.com.pk

Branch Network

1. **Faisalabad Branch**
   1st Floor, 16-Chenab Market,
   Near UBL, Main Susan Road,
   Faisalabad.
   Tel: 041-8503306
   Fax: 041-8737431

2. **Gujranwala Branch**
   Rehmat Plaza, 1st Floor,
   Near MCB Bank, Siddiqui Stop,
   Shaheenabad, G.T. Road,
   Gujranwala.
   Tel: 0553-733617
   Fax: 0553-842626

3. **Multan Branch**
   Office No.6, 1st Floor, Muhammad Arcade,
   LMQ Road, Chungi – 9,
   Multan.
   Tel: 061-6210063
   Fax:061-6210063

4. **Islamabad Branch**
   Suit No.306, 3rd Floor, ISE Tower,
   Jinnah Avenue, Blue Area,
   Islamabad.
   Tel: 051-2894561-63
   Fax: 051-2894562

5. **Karachi Branch**
   KASB Fund Section, 5th Floor, Trade Center,
   Opposite Saima Trade Tower,
   I. I. Chundrigar Road, Karachi.
   Tel: 021-111-222-000
   Fax: 021- 32624635

6. **Peshawar Branch**
   Office No.3, Azam Tower, Arbab Chowk,
   University Road, Peshawar.
   Tel: 091-5701484
   Fax: 091-5746302

Notice of Annual General Meeting

Notice is hereby given that 21st Annual General Meeting of Trust Investment Bank Limited will be held on Friday, November 30, 2012 at 04:00 p.m. at Tricon Village, 9-Km, Canal Bank Road, Lahore to transact the following business:

ORDINARY BUSINESS

i) To confirm the minutes of 12th Extra Ordinary General Meeting held on September 05, 2012.

ii) To receive, consider and adopt the audited accounts of the Bank for the year ended June 30, 2012 together with Directors' and Auditors' Report thereon.

iii) To appoint the Auditors of the Bank for the year ending June 30, 2013 and to fix their remuneration. The retiring auditors M/s Zahid Jamil & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

iv) To transact any other business with the permission of the Chair.

On Behalf of the Board

Lahore
November 9, 2012

Awais Yasin
(Company Secretary)

Notes

1) The share transfer books of the Bank will remain closed from November 23, 2012 to November 30, 2012 (Both days inclusive).

2) A member of the Bank entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies in order to be effective must be received at the registered office of the Bank, duly stamped and signed, not less than 48 hours before the time of the meeting.

A) For Attending the Meeting:

i) In case of individuals, the account holder or sub-account holder shall authenticate his identity by showing his original CNIC or original passport along with Participant's ID number and their account numbers at the time of attending the meeting.

ii) In case of Corporate entity, the board of director's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B) For Appointing Proxies:

i) The member entitled to attend the meeting is entitled to appoint a proxy to attend for him/her. No person shall act as a proxy, who is not a member of the Bank except corporate entity may appoint a person who is not a member.

ii) The instrument appointing a proxy should be signed by the members or his/her attorney duly authorized in writing. If the member is a corporate entity, its common seal should be affixed on the instrument.

iii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iv) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

v) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

vi) In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Bank.

Directors' Report

On behalf of the Board of Directors, I am pleased to present 21st annual report of the Trust Investment Bank Limited for the year ended June 30, 2012.

ECONOMIC REVIEW

The world economy and international financial market have shown resilience with minor real GDP growth in previous year as stated in IMFs' economic outlook report. It was further emphasized in the report that steady growth at snail speed resulting in restoration of investor confidence and consumers are now inclined towards spending instead of savings. In previous years the risk associated with real estate exposure and restructuring with corporate institutions affected the liquidity and profitability of the banking sector but through the introduction of strategies of developed countries the world economy has been able to withstand different international financial market shocks. The fragile world economic recovery is facing challenges and still threatened from a series of natural and manmade calamities which had hit across the world including disruption in Gulf, financial crunch of Greece & Spain, natural disaster in China and USA. While the year began with high hopes for economic recovery through higher industrial and agricultural output, revival of real estate sector, availability of investment opportunities, anticipation of lower discount rates by the central bank, lower borrowing for budgetary support and consequently better liquidity leading to more space for growth in private sector investment.

The revival of world economy also supported the economy of Pakistan which has shown resilience by achieving though small growth in real GDP, driven primarily by the higher output in agriculture. Due to some internal complexities in the country the capacity growth is curtailed and economic revival is also hampered in the country. Pakistan is fighting war against terrorism due to which law and order situation in the country is worse which is still shaking confidence of local & foreign investor. On other hand due to strained relationship with US, increase in prices of oil, gas, and electricity, and most importantly severe energy crises have adversely affected the business activity and foreign inflows in the country. The fiscal deficit of the country has increased and government is fulfilling its needs through financing/borrowing from commercial banks which resulted in growth in money supply and increase in inflation. Although, the Central Bank intervened in the market to support industry and to stabilize the financial market through reduction in interest rate but business activity could not be geared up due to shaken business confidence & potential, structural government policies, power shortage and recent floods have been an additional setback and creating difficulties for the companies who are loosing their financial viability. The external account of the Pakistan shall suffer trade deficit due to low export and poor foreign inflows.

The NBFC sector remained ignored by the associated financial institution during the period. The credit lending to NBFC sector was in "virtual halt mode" during the period under review and Trust Bank faced severe liquidity crises due to overall economic situation as well as non-restoration of Bank's credit rating to "A" band. Due to challenging economic environment, the profit margins of the business enterprises have been squeezed.

FINANCIAL RESULTS

The financial results for the year ended June 30, 2012 in comparison with June 30, 2011 are as follows:

	June 30, 2012	June 30, 2011
	(Rupees in million)	
Revenue	241	642
Operating Expenses	138	150
Financial Expenses	547	587
Profit/ (loss) before provision & taxation	(471)	(80)
Provision (Reversal of Provision)	531	(218)
Profit/ (loss) after provision & taxation	(1,004)	183
Earnings/ (loss) per Share (Rs.)	(17.93)	2.12

FINANCIAL HIGHLIGHTS

As stated earlier the business conditions in the country are not conducive for overall business and especially for the NBFC sector.

REVENUE
During the period under review due to liquidity constraints, the Bank has not been able to generate new business in accordance with the projections, resultantly balance sheet and spreads have been squeezed. The revenue of the Bank is decreased by 64% as compared to the corresponding period which represents the impact of decrease in lease portfolio. Another reason for lower income is the fact that a significant portion of lease portfolio is in its last year, where lease installment consists on much larger principal repayment and very small interest income. The slackened business conditions hampered the recovery of the Bank which resulted in shortage of liquidity, hence, the Bank was not able to do business.

EXPENDITURE
Although there is reduction in revenues of the Bank but finance cost of the Bank did not reduce in the same proportion. The finance cost of the Bank is 547 million which constitutes 80% of the total expenses. Non-performing loans continues to be the major challenge for the Banking industry and Trust Bank is no exception to this. During the period under review the Bank recorded provision against lease and term loan amounting to Rs.531 million which adversely affected the operations of the Bank. Due to NPLs the Bank faced liquidity crises, hence, Bank could not generate new business and secondly Bank could not pay the installment of loan timely, so, NPLs are also accounted for high finance cost. During the period the management tried to control the administrative and operating expenses of the Bank but due to inflation and service charges for recovery, Bank was not succeeded to curtail the expense.

FUTURE OUTLOOK
The economy of the country will remain under stress till proposed election in year 2013. Lack of foreign inflows and continued utilization of available funds under poor governance tend to dissolve the confidence of investor. In order to control the catastrophic economic situation, the government must take coercive measures in order to provide a concrete solution to the anticipated energy crises on priority. The government should also involve all stakeholders to take decisive action for restructuring of public sector institutions and broadening of its revenue collection, regaining investor confidence and balanced fiscal & monetary policies.

The future outlook and earning of the NBFCs sector is mainly dependent on stability availability of credit facilities on soft terms from financial institutions and economic development in the country. Due to non availability/freezing of treasury lines by commercial banks, the Trust Bank will continue to focus on investment in secure and quality assets. The Bank also intends to focus on Investment Finance Services, receivable financing, advisory services and non-fund based income. The management anticipates continuation of a competitive and challenging work environment in the wake of subdued economic condition and will try its level best to take all necessary measures to improve the earning capacity of the Bank. In demonstration of strong commitment to the institution, sponsoring shareholders to the Bank have developed support plan, also duly endorsed by the Board, which will help the Bank to consolidate and grow during this difficult period.

RATING BY EXTERNAL AGENCY
The Pakistan Credit Rating Agency Limited has downgraded the long term entity rating of the Bank to "D".

AUDITORS' REPORT
It has been a stated policy of present management to comply with all applicable rules & regulations including NBFC Regulations at all times, in letter & spirit. There is no doubt upon the Bank's ability to continue as a going concern. The Bank has adequate resources to continue in operation for the foreseeable future. The Bank provided future business plan and projections to the auditor. However, the external auditors have chosen to disagree with this treatment this year and qualify the report that on the basis of heavy losses and negative equity there is uncertainty and doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. Furthermore, the auditor was of the view that carrying amount of deferred tax assets should have been reversed in these financial statements in the presence of adverse financial ratios. Based on long experience and understanding of the leasing sector, management is of the view that the deferred tax provided in financial statements is reasonable.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK
The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant with their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The Company is completely compliant with Code of Corporate Governance

issued by the Securities and Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

a) These financial statements, prepared by the management of the Bank, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Bank have been maintained as required by the Companies Ordinance, 1984.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal and external auditors as well as Audit Committee. The Board reviews the effectiveness of established internal control through Audit Committee and further improvement in the internal control systems, wherever required.

f) The external auditor of the Bank highlighted that there is uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although, management believe that Bank has adequate resources to continue in operation for the foreseeable future.

g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.

h) Key operating and financial data of last six years, in summarized form, is annexed

i) Information about outstanding taxes and other government levies are given in related note(s) to the accounts.

j) During the year under review, five (05) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name of Director	Designation	Meetings Attended
Mr. Asif Kamal	Chairman	05
Mr. Shahid Iqbal	Director	05
Mr. Humayun Nabi Jan	Director	04
Mr. Mir Javed Hashmat	Director	03
Mr. Khalid Rafiq	Director	02
Mr. Munawar Ali	Director	03
Mr. Sajjeed Aslam	Director	02
Mr. Shazib Masud	Director	04
Mr. Mumtaz Ahmed	Director	04
Mr. Javaid B. Sheikh	Director	01
Mr. Mubarik Ali	Director	02

Leaves of absence were granted to the directors who could not attend the Board of Directors' Meetings.

k) The Statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Company.

l) All the major decisions relating to investment or disinvestment of funds, changes in significant policies and overall corporate strategies, appointment, remuneration and terms & conditions of appointment of Chief Executive Officer and Executive Directors are taken by the Board of Directors.

m) The Audit Committee continued to function in compliance with the Code of Corporate Governance and it comprises the following members. All members are non-executive directors out of which one is independent director.

Sr No	Name	Designation
1.	Mr. Munawar Ali	Chairman
2.	Mr. Asif Kamal	Member
3.	Mr. Sajjeed Aslam	Member

Term of reference of the Audit Committee has been formulated by the Board of Directors in accordance with the Code of Corporate Governance.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholdings of certain classes of shareholders as per Section 236 of the Companies Ordinance, 1984, whose disclosure is required under the reporting framework, is annexed. During the period no trading of shares by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses & minor children has been carried out. Detail of number of shares held by the directors and officers of the Bank is annexed.

INTERNAL AUDIT

The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

The Bank's system of internal control is sound in design and has been subject to continued evaluation for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Bank and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Bank.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee, and has ensured staffing of personnel with sufficient internal control system experience. The coordination between External and Internal Auditors was facilitated to ensure efficiency and contribution to the Bank's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDIT

The statutory auditors of the Bank, IGAF - Zahid Jamil & Company, Chartered Accountants, have completed their audit assignment of the "Bank's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2012 and shall retire at the conclusion of the 21st Annual General Meeting.

The Audit Committee of the Bank has recommended the appointment of IGAF - Zahid Jamil & Company, Chartered Accountants, as the external auditors of the bank for the year ending June 30, 2013. The Board of Directors has also endorsed the recommendation made by the Audit Committee. The audit firm has been given satisfactory rating under the Quality Control Review Programme of the of the Institute Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP.

ACKNOWLEDGEMENT

The Board would like to expresses their gratitude to valuable customers and shareholders for entrusting their confidence in the Bank which give strength to face the challenging times. We assure that we shall remain committed to maintain high standards of the service and strong culture of corporate governance in all endeavors. We would also thanks to SECP for their continued support and patronage extended during the challenging period. The Board also acknowledges the valuable teamwork and significant contributions by the senior executives and employees of the Bank. The Board is confident that with the persistent cooperation by the SECP and committed efforts of the employees, the Bank shall be able to pursue its corporate objectives with renewed vigor.

For and on behalf of the Board of Directors

Lahore
November 08, 2012

Shahid Iqbal
President & Chief Executive Officer

Six Years Financial Summary

(Rupees in Million)

	2012	2011	2010	2009	2008	2007
Operational Results						
Total Lease Business and Term Finances	27	1002	2,104	1,910	2,749	1,063
Revenues	253	660	475	695	949	732
Financial expenses	547	587	686	875	538	429
Total expenses	724	754	869	1,069	750	607
Profit / (loss) before tax	(1,002)	183	(905)	(976)	66	115
Profit / (loss) before tax	(1,004)	166	(702)	(715)	149	103
Balance sheet						
Total assets	3,869	5,381	5,906	6,523	8,089	6,444
Paid-up-capital	892	892	892	585	585	468
Reserves	(1,834)	(792)	(917)	(205)	510	548
Total Equity	(541)	501	376	391	1,095	1,023
Earning per share *	(17.93)	2.12	(12.16)	(12.22)	2.56	2.20
Book value per share	(14.47)	3.32	1.19	6.68	16.78	25.10
Dividend						
- Cash Dividend	Nil	Nil	Nil	Nil	Nil	15%
- Stock Dividend	Nil	Nil	Nil	Nil	Nil	25%

*based on No. of shares outstanding at each year ended.

TRUST BANK

Pattern of Shareholding

As at June 30, 2012

Number of Shareholders	Shareholding From	To	Total Number of Shares Held	Percentage
415	1	100	17,145	0.03
661	101	500	170,533	0.29
344	501	1,000	256,385	0.44
617	1,001	5,000	1,441,169	2.46
69	5,001	10,000	501,707	0.86
31	10,001	15,000	378,588	0.65
18	15,001	20,000	309,739	0.53
9	20,001	25,000	206,799	0.35
10	25,001	30,000	276,105	0.47
8	30,001	40,000	272,623	0.47
2	40,001	50,000	97,581	0.17
3	50,001	60,000	157,953	0.27
3	60,001	70,000	199,877	0.34
3	70,001	100,000	244,821	0.42
4	100,001	130,000	468,778	0.80
1	145,001	150,000	150,000	0.26
1	200,001	210,000	203,067	0.35
1	280,001	290,000	288,000	0.49
1	345,001	350,000	349,000	0.60
1	700,001	710,000	707,000	1.21
1	1,100,001	1,110,000	1,104,847	1.89
1	1,200,001	1,210,000	1,203,200	2.05
1	1,360,001	1,365,000	1,364,500	2.33
1	1,665,001	1,670,000	1,670,000	2.85
1	1,850,001	1,860,000	1,858,966	3.17
1	2,500,001	2,510,000	2,500,001	4.27
1	2,560,001	2,570,000	2,567,242	4.38
1	2,770,001	2,780,000	2,779,750	4.75
1	3,540,001	3,545,000	3,544,210	6.05
1	3,880,001	3,885,000	3,882,985	6.63
1	4,360,001	4,365,000	4,361,601	7.45
1	5,701,001	5,705,000	5,702,405	9.74
1	7,100,001	7,150,000	7,106,551	12.14
1	12,205,001	12,210,000	12,209,742	20.85
2,216			**58,552,870**	**100.00**

Categories of Shareholders

As at June 30, 2012

Categories of shareholders	Shares held	Percentage
Directors & Chief Executive		
Mr. Asif Kamal	7,106,551	12.14
Mr. Khalid Rafiq	500	0.00
Mr. Munawar Ali	500	0.00
Mr. Humayun Nabi Jan	718	0.00
Mr. Shazib Masud	1,500	0.00
Mr. Sajjeed Aslam	500	0.00
Mr. Mumtaz Ahmed	1,000	0.00
Mr. Shahid Iqbal	500	0.00
Associated Companies/Persons & related parties		
Genesis Securities (Pvt.) Limited	12,209,742	20.85
Mr. Zahid Rafiq	5,702,405	9.74
Banks & Financial Institutions	-	
The Bank of Punjab	3,882,985	6.63
MCB Bank Limted	24,575	0.04
N.B.P Trustee Department	100	0.00
Fidelity Investment Bank Limited	4,403	0.01
National Bank of Pakistan A/c NDFC	2,185	0.00
National Development Leasing	2,132	0.00
Al-Taweek Investment Bank Limited	212	0.00
Escorts Investment Bank Limited	302	0.00
Insurance Companies	-	
Gulf Insurance Company Limted	1,632	0.00
State Life Insurance Corporation of Pakistan	2,567,242	4.38
Silver Star Insurance Company Limited	62	0.00
Modarabas	-	
First Fidelity Leasing Modaraba	450	0.00
First Professionals Modaraba	4,841	0.01
Guardian Leasing Modaraba	1,275	0.00
General Public	14,996,821	25.61
IDBP (ICP Unit)	2,377	0.00
Others (Joint Stock & Investment Companies)	12,037,360	20.56
Total	**58,552,870**	**100.00**

Share-Holders Holding Ten Percent or More

Total Paid up capital of the Company	**58,552,870**	Shares
10% of the paid up capital of the Company	5,855,287	Shares

Name of shareholders	Shares held	Percentage
Genesis Securities (Pvt.) Limited	12,209,742	20.85%
Mr. Asif Kamal	7,106,551	12.14%
Total	**19,316,293**	**32.99%**

Financial Statement

Trust Investment Bank Limited

(For Year Ended June 30, 2012)

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the best practices of the Code of Corporate Governance (the Code) contained in Regulation No.35 of Listing Regulation of Karachi and Lahore Stock Exchange and Regulation No.37 of Islamabad Stock Exchanges 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 Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors and one executive director, among them two directors are independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the 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 NBFI or, being a member of a stock exchange and has been declared as a defaulter by that stock exchange.

4. During the year three casual vacancies of the directors were arisen which was duly filled and the Company has fulfilled all corporate and legal requirements and file necessary returns within stipulated time period.

5. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors of the Company. The statement has been circulated to all employees of the Company for their awareness and all of them have signed it as acknowledgement of their understanding.

6. The Board has developed a Vision/Mission Statement, Core Values, Strategies & Business Plan, Overall Corporate Strategy and Significant Policies of the Company. A complete record of particulars of Significant Policies and board decision along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, CFO, Company Secretary, Head of Internal Audit and other executives, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of meetings were appropriately recorded and circulated.

9. The directors are conversant with the corporate matters and well aware of their duties and responsibilities. The Bank arranged orientation course for its Directors during the year to apprise their duties and responsibilities.

10. During the year appointment of Controller Finance and Accounts was made consequent to the resignation of Chief Financial Officer. The remuneration, terms and conditions of employment of Controller Finance and Accounts have been determined by the CEO.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members. Consist of two non-executive directors including the Chairman of the Committee and one executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

19. 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.

20. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board

Lahore
November 08, 2012

Shahid Iqbal
Chief Executive Officer

Review Report to the Members
on Statement of Compliance with Best Practices of Code of Corporate Governanace

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 INVESTMENT BANK LIMITED** to comply with the listing regulation No. 35 of Karachi Stock Exchange and Lahore Stock Exchange where the Company is listed.

The responsibility of 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 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 systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (x) of Listing Regulations 35 notified by the Karachi and Lahore Stock Exchanges require the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code of Corporate Governance for the year ended June 30, 2012.

ZAHID JAMIL & CO.
CHARTERED ACCOUNTANTS
(Engagement Partner: Muhammad Amin)

LAHORE:
Date: NOVEMBER 08, 2012

Auditors' Report to the Members

We have audited the annexed balance sheet of **TRUST INVESTMENT BANK LIMITED** as at **JUNE 30, 2012** and the related profit and loss account, statement of comprehensive income, 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, except for the matters referred to in paragraphs (a) & (b) below, 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.

Except for the effects, if any, of the matters referred to in paragraphs (a) & (b) below, 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) the Company has incurred a net loss of Rs. 1,004.194 million during the year ended June 30, 2012 and as at that date, accumulated losses comes to Rs. 2,134.655 millions, negative equity of Rs.540.949 millions which results in short fall of minimum equity requirement of NBFCs by Rs. 1,240.949 millions, its total liabilities exceeds 10 times of equity (violation of NBFC & notified entities regulation, 2008) and company's current liabilities exceeded its current assets by Rs. 1,747.779 millions, further the Securities & Exchange Commission of Pakistan has not yet renewed company's license to operate Investment finance services (IFS) and also suspended the permission for raising deposits in any form and PACRA has downgraded the entity and TFC rating to "D". These factors indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect;

b) The carrying amount of deferred tax assets amounting to Rs. 515.932 millions should have been reversed in these financial statements in the presence of adverse financial ratios as mentioned above in paragraph (a). Had this reversal been made non-current assets would have been decreased by Rs. 515.932 millions and net loss for the year would have been increased by the same amount.

c) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) & (b) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

d) in our opinion-

   i) the balance sheet and profit and loss account together with the notes thereon, except for the effect, if any, of the matters referred in paragraphs (a) & (b) above, 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 expenditures incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the Company;

e) in our opinion and to the best of our information and according to the explanations given to us, because of the matters as discussed in paragraphs (a) & (b) above the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at **JUNE 30, 2012** and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

f) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that.

Notwithstanding our adverse opinion, we draw attention to:

I. **Note # 19.3,** Preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance 1984, and the matter of its classification will be dealt with in accordance with the clarification sought by the Institute of Chartered Accountants of Pakistan from the Securities and Exchange Commission of Pakistan.

ZAHID JAMIL & CO.
CHARTERED ACCOUNTANTS
(Engagement Partner: Muhammad Amin)

LAHORE:
Date: NOVEMBER 08, 2012

TRUST BANK

Balance Sheet
As at June 30, 2012

ASSETS	Note	2012 Rupees	2011 Rupees Restated
Non-current assets			
Fixed assets	6	**417,816,357**	232,207,061
Long term investments	7	**101,762,904**	110,192,954
Long term loans and advances	8	**53,591,989**	577,377,749
Net investment in lease finance	9	**128,930,920**	153,696,782
Long term deposits		**1,266,850**	1,280,850
Deferred tax asset	10	**515,931,678**	515,931,678
Total non-current assets		**1,219,300,698**	1,590,687,074
Current assets			
Current maturities of non - current assets	11	**1,558,759,405**	2,177,218,221
Short term loans and advances	12	**258,579,111**	794,035,898
Short term placements	13	**35,000,000**	9,966,110
Short term investments	14	**-**	1,384,288
Short term prepayments		**18,439,708**	4,940,776
Interest accrued	15	**230,501,454**	233,621,996
Taxation - net		**3,200,360**	2,392,832
Other receivables	16	**58,293,467**	60,912,841
Cash and bank balances	17	**10,352,204**	29,107,525
		2,173,125,709	3,313,580,487
Assets classified as held for sale	18	**476,368,866**	476,368,866
Total current assets		**2,649,494,575**	3,789,949,353
TOTAL ASSETS		**3,868,795,273**	5,380,636,427
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	**892,028,729**	892,028,729
Reserves	20	**(1,833,624,460)**	(791,875,914)
		(941,595,731)	100,152,815
Surplus on revaluation of fixed assets-net	21	**19,373,770**	27,676,131
Non-current liabilities			
Long term financing-subordinated loan	22	**400,646,237**	400,646,237
Long term financing-others	23	**241,716,358**	727,378,703
Long term morabaha	24	**-**	7,500,000
Long term certificates of investment-unsecured	25	**31,212,647**	252,462,487
Deferred liabilities	26	**2,935,254**	9,214,309
Long term deposits	27	**193,602,225**	260,411,691
Total non-current liabilities		**870,112,721**	1,657,613,427
Current liabilities			
Short term borrowings	28	**39,947,964**	41,605,658
Short term certificates of investment	29	**1,718,993,706**	1,977,044,395
Current maturities of long term liabilities	30	**1,643,440,305**	1,300,216,106
Mark-up accrued	31	**263,939,944**	103,096,123
Trade and other payables	32	**254,582,594**	173,231,772
Total current liabilities		**3,920,904,513**	3,595,194,054
		4,791,017,234	5,252,807,481
CONTINGENCIES AND COMMITMENTS	33	**-**	-
		3,868,795,273	5,380,636,427

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Profit and Loss
For Year Ended June 30, 2012

	Note	2012 Rupees	2011 Rupees Restated
Income			
Income from lease operations	34	**118,417,973**	290,013,467
Income from investments	35	**20,501,285**	28,784,954
Income from term finances	36	**102,019,951**	323,528,471
		240,939,209	642,326,892
Finance cost	37	**546,754,611**	587,196,249
		(305,815,402)	55,130,643
Administrative and operating expenses	38	**137,673,583**	150,198,938
		(443,488,985)	(95,068,295)
Other operating income	39	**11,594,027**	31,392,324
		(431,894,958)	(63,675,971)
Other operating expenses	40	**39,516,924**	16,509,127
Operating loss before provisions and taxation		**(471,411,882)**	(80,185,098)
Provision / (Reversal of Provision) against lease and term loan	41	**530,753,381**	(217,664,870)
Provision / impairment in the value of investment	42	**-**	(45,857,404)
		530,753,381	(263,522,274)
(Loss) / Profit before taxation		**(1,002,165,263)**	183,337,176
Provision for taxation	43	**2,028,795**	16,974,234
(Loss) / Profit after taxation		**(1,004,194,058)**	166,362,942
(Loss) / Earnings per share - basic/ diluted	44	**(17.93)**	2.12

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

TRUST BANK

Cash Flow Statement

For Year Ended June 30, 2012

	Note	2012 Rupees	2011 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(1,002,165,263)**	183,337,176
Adjustments for non cash / non operating items:			
Depreciation and amortization		**6,986,009**	8,368,762
Amortization of initial transaction cost over term finance certificates		**1,880,928**	3,259,833
Provision for staff service cost		**7,788,668**	7,077,019
Provision for potential lease and term loan losses		**530,753,381**	(217,664,870)
Lease receivables written off		**39,516,924**	16,509,127
Finance cost		**544,873,683**	583,936,416
Gain on disposal of fixed assets		**(173,711)**	(11,476,026)
Unrealized loss on revaluation of held for trading investments		**-**	817,114
Provision/ impairment on investment reversed		**-**	(45,857,404)
Gain on disposal of available for sale investments		**(1,671,304)**	(6,753,023)
		1,129,954,578	338,216,948
Operating profit before working capital changes		**127,789,315**	521,554,124
Changes in operating assets and liabilities:			
(Increase) / decrease in:			
Long term loans and advances		**166,187,311**	(123,172,879)
Net investment in lease finance		**454,971,551**	475,608,004
Short term loans and advances		**535,456,787**	(316,232,694)
Short term placements		**(28,022,877)**	7,107,549
Short term investments		**3,872,706**	365,388,253
Short term prepayments		**(13,498,932)**	12,751,379
Interest accrued		**3,120,542**	(90,283,148)
Other receivables		**(114,207,497)**	(32,081,606)
		1,007,879,591	299,084,858
Decrease in certificates of investment		**(396,259,732)**	(96,756,407)
Increase in trade and other payables		**35,495,422**	76,376,343
		647,115,281	278,704,794
Cash generated from operations		**774,904,596**	800,258,918
Finance cost paid		**(384,029,862)**	(593,987,992)
Taxes paid		**(2,836,323)**	(6,813,878)
Staff service cost paid		**(14,067,723)**	(5,952,800)
		(400,933,908)	(606,754,670)
Net cash generated from operating activities		**373,970,688**	193,504,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(245,573,741)**	(19,210,257)
Long term investments		**6,156,250**	22,767,596
Long term deposits		**14,000**	(29,931)
Proceeds from disposal of operating fixed assets		**53,152,147**	110,184,344
Net cash (used in) / generated from investing activities		**(186,251,344)**	113,711,752

	Note	2012 Rupees	2011 Rupees Restated
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		**(56,549,502)**	(151,719,835)
Long term morabaha		**(4,000,000)**	(12,000,000)
Term finance certificates		**(144,266,020)**	(187,440,000)
Dividend		**(1,449)**	(10,609)
Net cash generated used in financing activities		**(204,816,971)**	(351,170,444)
Net (decrease) / increase in cash and cash equivalents		**(17,097,627)**	(43,954,444)
Cash and cash equivalents at the beginning of the year		**(12,498,133)**	31,456,311
Cash and cash equivalents at the end of the year	**47**	**(29,595,760)**	(12,498,133)

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Comprehensive Income
For Year Ended June 30, 2012

	2012 Rupees	2011 Rupees Restated
(Loss) / Profit after taxation for the year	**(1,004,194,058)**	166,362,942
Other comprehensive income	-	-
Transferred from surplus on revaluation of fixed assets to un-appropriated profit- net of tax	**8,302,361**	866,472
Total comprehensive (loss) / income for the year	**(995,891,697)**	167,229,414

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity
For Year Ended June 30, 2012

	Ordinary Shares	Preference shares	CAPITAL RESERVES	REVENUE RESERVES			Total
			Statutory reserve	General reserve	Accumulated (losses)	Sub Total	
	-----	-----	-----	Rupees	-----	-----	
Balance as at 01 July 2010	**585,528,729**	**306,500,000**	**206,758,319**	**61,000,000**	**(1,184,349,076)**	**(916,590,757)**	**(24,562,028)**
Transferred to statutory reserve created at the rate of 20% of profit for the year after taxation	-	-	33,272,588	-	(33,272,588)	-	-
Total comprehensive income for the year	-	-	-	-	167,229,414	167,229,414	167,229,414
Dividend on preference shares @ Kibor+100 BPS for the year ended 30 June 2011	-	-	-	-	(42,514,571)	(42,514,571)	(42,514,571)
Balance as at 30 June 2011	**585,528,729**	**306,500,000**	**240,030,907**	**61,000,000**	**(1,092,906,821)**	**(791,875,914)**	**100,152,815**
Transferred to statutory reserve created at the rate of 20% of profit for the year after taxation	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	**(995,891,697)**	(995,891,697)	(995,891,697)
Dividend on preference shares @ Kibor+100 BPS for the year ended 30 June 2012					**(45,856,849)**	(45,856,849)	(45,856,849)
Balance as at 30 June 2012	**585,528,729**	**306,500,000**	**240,030,907**	**61,000,000**	**(2,134,655,367)**	**(1,833,624,460)**	**(941,595,731)**

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Notes to the Financial Statements
For Year Ended June 30, 2012

1. THE COMPANY'S OPERATIONS AND REGISTERED OFFICE

1.1. Trust 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 6th Floor, M M Tower, 28 - A / K, Gulberg II, Lahore. The Company is mainly engaged in the business of investment finance services. It is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP).

1.2. The financial statements for the year ended June 30, 2012 reflect loss after taxation of Rs. 1,004.194 million and as of the said date, the accumulated losses of the company amounts to Rs.2,134.655 million resulting in shortfall of the minimum regulatory requirement of the equity. Further, the company’s license to operate investment finance services is pending for renewal by the SECP as of the balance sheet date. These conditions indicate the existence of a material uncertainty regarding the future operations of the company.

However, in order to improve the equity of the company, subsequent to the year as stated in note # 50, the Shareholder of the Bank has approved the acquisition of such number of ordinary shares of Tricon Developers Limited from Mr. Asif Kamal, which are required to comply with Minimum Equity Requirement (MER) as per NBFC Rules & Regulations. The shares acquired through aforesaid transaction shall be treated as a subordinated loan which shall be available for issuance of shares of Trust Bank. SECP has sanctioned its approval for this transaction. This transaction shall strengthen the equity of the bank and as a result the bank shall become equity compliant and it may increase dividend earnings and capital appreciation since it is expected that shares in the investee company will generate reasonable profits in future.

Also during the year the company has successfully negotiated settlement with major deposit holders against the properties owned by it and negotiations with other depositors and financial institutions are in process. This will result in future interest cost savings to the company. Also with the support of recovery agents, the company is pursuing its customers / borrowers very aggressively. These measures are expected to contribute towards improvement in the financial condition of the company.

2. STATEMENT OF COMPLIANCE

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

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated 13 August 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS)7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies as are engaged in investment finance services, discounting services and housing finance services.

2.2. Standards, interpretations and amendments to published approved accounting standards that are effective during the year

IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from improvement to IFRSs
IFRS 1	First-time Adoption of International Financial Reporting Standards - Additional exemption for entities ceasing to suffer from severe hyperinflation
IFRS 1	First-time Adoption of International Financial Reporting Standards - Replacement of fixed date for certain exemptions with a date of transition to IFRSs
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from improvement to IFRSs
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosure about transfer of financial assets
IAS 1	Presentation of Financial Statements - Amendment resulting from improvement to IFRSs
IAS 12	Income taxes - Recovery of underlying assets

IAS 24	Related Party Disclosures - Revised definition of related parties
IAS 34	Interim Financial Reporting - Amendments resulting from improvement to IFRSs
IFRIC 13	Customer Loyalty Programmes - Amendments resulting from improvement to IFRSs
IFRIC 14	IAS 19 - The Limits on a Defined Benefit Asset, Minimum Funding requirements and their Interaction (Amendments)

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

2.3. Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation		Effective date (accounting periods Beginning on or after)
IFRS 7	Offsetting Financial Assets and Financial Liabilities (Ammendments to IFRS 7)	January 1, 2013
IFRS 9	Financial Instruments - Classification and Measurement	July 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 1	Presentation of Financial Statements - Amendment to revise the way other comprehensive income is presented	July 1, 2012
IAS 19	Employee Benefits - Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investment in Associates and Joint Ventures (as amended in 2011)	January 1, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Ammendments to IAS 32)	January 1, 2014
IFRIC 20	Stripping cost in the production phase of a surface mining	January 1, 2013

3. BASIS OF MEASUREMENT

3.1. Accounting convention

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments and property at fair value and recognition of certain employee retirement benefits at present value.

3.2. Significant estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

		Note
-	Taxation	4.1
-	Residual value and useful life of depreciable assets	4.2
-	Provisions	4.6
-	Staff retirement benefits (Gratuity)	4.15
-	Impairment	4.21

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. 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.

4.2. Property and equipment

These are stated at historical cost/revalued amount less accumulated depreciation and impairment losses, if any.

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.

Full month's depreciation is charged on the additions during the month in which asset is available for use, while no depreciation is charged in the month in which the asset is disposed off.

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.

4.3. Intangible assets

These are 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.

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight- line method over a period of 10 years.

Full month's amortization is charged on the additions during the month in which asset is available for use, while no depreciation is charged in the month in which the asset is disposed off.

4.4. Non current assets - held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probably and the asset is available for immediate sale in present conditions. Management must be omitted to the sale, which should be expected to qualify for recognition as completes sale within one year from the date of classification.

Property and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

4.5. Financial instruments

Financial assets:

Significant financial assets include long term investments, long term loans and advances, net investment in lease finance, long term deposits, short term loans and advances, short term placements, short term investment, other receivables 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 certain 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 certificates of investment, preference shares, long term loans and borrowings, deposits against lease arrangements, short term borrowings, 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.

4.6. 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. Provision has been made after taking the benefits of collaterals as per NBFC Regulations, 2008.

4.7. Investments

The Company classifies its investments other than in subsidiary as held to maturity, available for sale and held for trading.

Initial measurement:

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement:

Investment in subsidiary:

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense currently.

The Company is required to issue consolidated financial statements alongwith its separate financial statements, in accordance with the requirements of IAS 27 "Consolidated and Separate Financial Statements". Investment in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

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.

Held for trading:

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 held for trading. These are stated at fair values with any resulting surplus/(deficit) recognized in the profit and loss account.

Available-for-sale:
Investments which can not be classified as held to maturity investments or held for trading investments are classified as available for sale investments.

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

Available-for-sale investments are measured at subsequent reporting dates at fair value for those shares which have fair values. However, all such shares 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 below 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.

However, as allowed by the BSD circular no. 10 dated 13 July 2004, the Company will be free to determine the extent of holding under the above categories taking into consideration various aspects such as trading strategies, intention of acquisition of securities, capital position, expertise available to manage investment portfolio, and the risk management capabilities. Under exceptional circumstances, shifting from one category to another category may be made subject to the following conditions:

- Shifting of investments to/from held to maturity category is allowed once a year only with the approval of the Board of Directors within two months of the commencement of accounting year. Any further shifting to/from this category is not allowed during the remaining part of that accounting year.

- Shifting to/from available for sale category is allowed with the approval of the Assets and Liabilities Committee (ALCO) subject to the condition that the reasons for such shifting will be recorded in writing.

- Shifting from held for trading category to available for sale or held to maturity categories is generally not allowed. It is permitted under exceptional circumstances like not being able to sell the securities within the prescribed period of 90 days due to tight liquidity position in market or extreme market volatility with the approval of ALCO. The justification for such exceptional shifting of securities is recorded in the minutes of ALCO meeting. Shifting of securities from one category to another is at the lower of the market value or the acquisition cost/book value, and the diminution in value, if any, on such transfer is fully provided for.

The measurement of surplus/(deficit) is done on portfolio basis for each of the above three categories separately.

4.8. Trade and settlement date accounting

All "regular way" purchases and sales of listed shares 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.

4.9. 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 short term borrowing. The difference between sale and repurchase price is treated as markup on short term borrowing and accrued over the tenure 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.

4.10. 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.

4.11. 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.

4.12. Assets acquired in satisfaction of claims

The company acquires certain vehicles and assets in settlement of non-performing loans / leases. These are stated at lower of the original cost of the related asset, exposure to Trust Investment Bank Limited and the net realizable value. The net gains or losses on disposal of these assets are taken to the profit and loss account.

4.13. 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 sale of investments are recognized in the period in which they arise.

Processing fee, front end fee and penal charges:

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, held to maturity investments and reverse repo transactions:

Income from bank deposits, investments and reverse repo transactions 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.

4.14. Return on certificates of investment

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

4.15. Staff retirement benefits

Gratuity:

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 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.

Leave encashment:

The Company operates an unfunded leave encashment scheme for all of its permanent employees. Provisions are made in accordance with the actuarial valuation using 'Projected Unit Credit method'.

4.16. Provision for potential lease losses and loans

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

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

4.17. 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 and short term running finance account.

4.18. Borrowing costs

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

4.19. Transactions with related parties and transfer pricing

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

The Company enters into transactions with related parties on arms length basis. Prices for transactions with related parties are determined using admissible valuation methods, except for the assets sold to employees at written down value as approved by the board of directors.

4.20. 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 the profit and loss account.

4.21. 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.

4.22. Dividends

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

4.23. Bonus shares

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

5. RESTATEMENT OF COMPARATIVE FINANCIAL STATEMENTS

During the year 2011, the company sold its entire investment in the subsidiary company (Trust Capital (Pvt) Limited) amounting to Rs. 60,000,000 to M/s Commodities Transportation (Private) limited for a consideration amounting to Rs. 51,857,404 of which Rs. 45,857,404 was receivable against the net assets of the subsidiary company as at March 31, 2011 and Rs. 6,000,000 was receivable against loan to subsidiary company.Necessary approval of SECP for this sale of investment in the subsidiary company was awaited till June 2011. However SECP, vide letter dated March 12, 2012 informed the company that its application for the sale of subsidiary company could not be acceded at that point of time. However the company had already disposed of its investment.The transaction has now been reversed and the financial statements of 2011 have been restated to correct this error. The effect of the restatement on those financial statements is summarised below. There is no effect in 2012.

	Note	**Effect on 2011 (Rupees)**
Increase in investment in subsidiary	7.2	60,000,000
Increase in provision against doubtful investments	7.4	(14,142,596)
		45,857,404
Decrease in other receivables - (long term)		(51,857,404)
Decrease in short term advances	12.2	(2,385,162)
Incease in long term loans and advances - Related parties	8	8,385,162
Decrease in reversal of provision againt doubtful investmer	42	14,142,596
Increase in income from investments	35	(14,142,596)
		(45,857,404)

6. FIXED ASSETS	**Note**	**2012 Rupees**	**2011 Rupees**
Tangible			
Property and equipment	6.1	**100,863,266**	86,331,706
Capital work in progress	6.2	**316,432,600**	145,249,000
Intangible assets	6.3	**520,491**	626,355
		417,816,357	232,207,061

6.1. Property and equipment

PARTICULARS	2012									
	C O S T				D E P R E C I A T I O N					
	As at 01 July 2011	Additions during the year	Deletions during the year	As at 30 June 2012	As at 01 July 2011	For the year	Deletions	As at 30 June 2012	Book value as at 30 June 2012	Rate %
	Rupees									
Owned										
Land	22,000,000		(22,000,000)	-	-			-	-	
Building on freehold land	39,976,050	70,000,000	(33,521,558)	76,454,492	5,563,317	1,459,224	(5,319,835)	1,702,706	74,751,786	5
Leasehold improvements	27,839,895		-	27,839,895	16,364,681	2,295,036	-	18,659,717	9,180,178	20
Office equipment and machines	17,641,009	1,140,471	(568,433)	18,213,047	11,951,008	1,180,590	(322,919)	12,808,679	5,404,368	20
Furniture and fixtures	13,926,736		(730,740)	13,195,996	6,316,860	748,028	(355,521)	6,709,367	6,486,629	10
Air-conditioning equipment	3,481,379		(286,301)	3,195,078	1,326,810	207,544	(128,926)	1,405,428	1,789,650	10
Vehicles	6,186,928	3,249,670	(4,283,596)	5,153,002	3,197,615	989,723	(2,284,991)	1,902,347	3,250,655	20
	131,051,997	**74,390,141**	**(61,390,628)**	**144,051,510**	**44,720,291**	**6,880,145**	**(8,412,192)**	**43,188,244**	**100,863,266**	

PARTICULARS	2011									
	C O S T				D E P R E C I A T I O N					
	As at 01 July 2010	Additions during the year	Deletions during the year	As at 30 June 2011	As at 01 July 2010	For the year	Deletions	As at 30 June 2011	Book value as at 30 June 2011	Rate %
Owned	Rupees									
Land	22,000,000	-	-	22,000,000	-	-	-	-	22,000,000	
Building on freehold land	26,790,450	13,185,600	-	39,976,050	3,983,449	1,579,868	-	5,563,317	34,412,733	5
Leasehold improvements	27,985,270	342,125	(487,500)	27,839,895	13,721,910	2,864,854	(222,083)	16,364,681	11,475,214	20
Office equipment and machines	17,796,167	184,572	(339,730)	17,641,009	10,778,179	1,407,778	(234,949)	11,951,008	5,690,001	20
Furniture and fixtures	15,686,629	3,800	(1,763,693)	13,926,736	6,448,934	856,162	(988,236)	6,316,860	7,609,876	10
Air-conditioning equipment	4,247,827	-	(766,448)	3,481,379	1,270,129	288,038	(231,357)	1,326,810	2,154,569	10
Vehicles	24,641,448	475,000	(18,929,520)	6,186,928	12,970,865	1,266,198	(11,039,448)	3,197,615	2,989,313	20
	139,147,791	**14,191,097**	**(22,286,891)**	**131,051,997**	**49,173,466**	**8,262,898**	**(12,716,073)**	**44,720,291**	**86,331,706**	

6.2. Capital work in progress

	2012 Rupees	**2011 Rupees**
Opening Balance	**145,249,000**	240,900,000
Additions	**171,183,600**	38,000,000
Disposal		
Cost	**-**	(89,537,500)
Revaluation Surplus	**-**	(31,312,500)
	-	(120,850,000)
Revaluation deficit	**-**	(12,801,000)
Closing balance	**316,432,600**	145,249,000

Capital work in progress has been revalued by M/S Ali and Ali Engineers and Valuers (an independent professional valuer) in the 2011 . It has resulted into reversal of revaluation surplus by Rs. 12.801 million . Had there been no revaluation the carrying amount of capital work in progress would have been Rs. 297.921 million (2011: Rs. 126.737 million).

6.3. Intangible Assets

PARTICULARS	2012							
	C O S T			A M O R T I Z A T I O N				
	As at 01 July 2011	Additions / (Deletions) during the year	As at 30 June 2012	As at 01 July 2011	For the year	Deletions	As at 30 June 2012	Book value as at 30 June 2012
	Rupees							
Software Licenses	1,294,383	-	1,294,383	668,028	105,864	-	773,892	**520,491**
	1,294,383	**-**	**1,294,383**	**668,028**	**105,864**	**-**	**773,892**	**520,491**

PARTICULARS	2011							
	C O S T			A M O R T I Z A T I O N				
	As at 01 July 2010	Additions / (Deletions) during the year	As at 30 June 2011	As at 01 July 2010	For the year	Deletions	As at 30 June 2011	Book value as at 30 June 2011
	Rupees							
Software Licenses	1,294,383	-	1,294,383	562,164	105,864	-	668,028	626,355
	1,294,383	**-**	**1,294,383**	**562,164**	**105,864**	**-**	**668,028**	**626,355**

6.4. Following assets were disposed off during the year

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	---------2012---------					
Assets with book value exceeding Rs. 50,000	---------Rupees---------					
Land						
Land at Gujrat	22,000,000	22,000,000	17,400,000	(4,600,000)	Negotiation	Mr. Mir Anjum
Building on freehold land						
Saima Trade Towers	20,335,958	16,039,842	18,000,000	1,960,158	Settlement	Karakurram Corporative Bank Limited
Office at Karachi	13,185,600	12,161,881	15,000,000	2,838,119	Settlement	A& R Company
Vehicles						
Cultus-LEE 4913	700,596	128,438	488,863	360,425	Company Policy	Mr.Asim Hameed- Company emplyee
Honda Civic-LEB 7018	1,757,500	820,167	820,167	-	Company Policy	Mr.Hamayun Nabi Jan- Company emplyee
Marcedes Benz-ADU 745	1,750,000	1,050,000	1,050,000	-	Company Policy	Mr.Hamayun Nabi Jan- Company emplyee
Assets with book value below Rs. 50,000	1,660,974	778,103	393,117	(384,986)	Negotiation	Various
	61,390,628	**52,978,431**	**53,152,147**	**173,716**		

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	---------2011---------					
Assets with book value exceeding Rs. 50,000	---------Rupees---------					
Lease hold improvements						
Wooden Stairs - Karachi Branch	350,000	190,556	25,000	(165,556)	Negotiation	Mr. Bhatti Ansar
Glass Partition - Karachi Branch	137,500	74,861	31,000	(43,861)	Negotiation	Mr. Bhatti Ansar
Office Equipment and machines						
Computers - Head Office	260,000	56,800	41,579	(15,221)	Negotiation	Lahore University
Air-conditioning equipment						
Diesel Generator 25KVA-Karachi	569,948	419,660	165,000	(254,660)	Negotiation	Mr. Bhatti Ansar
Vehicles						
Honda Civic, LEC-10-1214	1,712,000	1,597,867	1,625,000	27,133	Company Policy	Mr. Shahid Ali Sheikh, Company Employee
Mitsubishi Lancer 1300CC, LWR - 3198	909,500	197,058	206,911	9,853	Company Policy	Mr. Imran Hameed, Company Employee
Mitsubishi Lancer 1300CC, LWR - 3356	909,500	197,058	206,911	9,853	Company Policy	Mr. Shahid Iqbal, Company Employee
Honda City, LWR - 6135	856,380	185,549	194,826	9,277	Company Policy	Mr. Iqbal Mehdi, Company Employee
Honda City, LEB - 3343	1,016,150	298,125	426,156	128,031	Company Policy	Mr. Waqar Ahmed, Company Employee
Honda City , LEA - 8215	872,000	436,000	572,680	136,680	Company Policy	Mr. Ijaz Bashir, Company Employee
Honda City , LEA - 6072	852,500	213,125	223,781	10,656	Company Policy	Mr. Waqas Ahmed, Company Employee
Suzuki Cultus, LEH - 6926	685,715	297,143	337,857	40,714	Company Policy	Mr. Ali Abbas Sherazi, Company Employee
Suzuki Cultus, LEH - 3663	685,715	297,143	337,857	40,714	Company Policy	Mr. Muhammad Zubair, Company Employee
Suzuki Cultus, LEB - 3363	707,910	188,776	198,215	9,439	Company Policy	Mr. Muhammad Mehmood, Company Employee
Suzuki Cultus, LEA - 253	701,450	187,053	309,966	122,913	Company Policy	Mr. Awais Yasin, Company Employee
Suzuki Cultus, LWR - 8281	685,000	159,833	167,825	7,992	Company Policy	Mr. Mehmood Siddique, Company Employee
Suzuki Alto, LEA - 6172	675,000	607,500	650,000	42,500	Company Policy	Mr. Naveed Khizer, Company Employee
Coure Sunroof, LEA - 8571	704,000	633,600	603,000	(30,600)	Company Policy	Mr. Saqib Iqbal Chugtai, Company Employee
Mitsubishi Lancer, ALL - 784	899,000	179,800	188,790	8,990	Company Policy	Mr. Asim Naeem, Company Employee
Honda City, AMK - 415	846,000	239,700	317,600	77,900	Company Policy	Mr. Farhan Abbas, Company Employee
Honda City, LEB - 5799	843,200	224,853	292,309	67,456	Company Policy	Mr. Moazzam, Company Employee
Suzuki Mehran VXR, LEA - 4092	406,500	205,625	237,800	32,175	Company Policy	Mr. Shahid Iqbal, Company Employee
Mehran VXR, LEA - 4094	378,000	189,000	247,320	58,320	Company Policy	Mr. Abid Rasool, Company Employee
Cuore, SGO - 1830	494,000	82,333	86,450	4,117	Company Policy	Mr. Abdul Quddos Awan, Company Employee
Diahatsu Coure, ALL - 921	514,000	113,066	135,680	22,614	Company Policy	Mr. Shah Faisal, Company Employee
Suzuki Mehran 800 CC, LEF - 8284	421,000	168,400	380,000	211,600	Negotiation	Mr. Faisal Mahmood
Suzuki Cultus, LEB - 1933	531,000	424,800	525,000	100,200	Negotiation	Mr. Tahir Nawazish
Corolla XLI MW-713	850,000	566,667	1,000,000	433,333	Negotiation	Chaudhry Muhammad Akbar
Assets with book value below Rs. 50,000	2,813,923	938,868	1,051,634	112,766	Negotiation	Various
	22,286,891	**9,570,819**	**10,786,147**	**1,215,328**		

7. LONG TERM INVESTMENTS

	Note	2012 Rupees	2011 Rupees Restated
Investment in subsidiary-at cost	7.2	**60,000,000**	60,000,000
Investment in Term Finance Certificates and Bonds/Sukuks-unquoted	7.3	**141,374,250**	147,530,500
		201,374,250	207,530,500
Less: Provision against doubtful investments	7.4	**84,142,596**	84,142,596
		117,231,654	123,387,904
Less: Current portion of long term investments	11	**15,468,750**	13,194,950
		101,762,904	110,192,954

7.1. Particulars of long term investments

	Note	2012 Rupees	2011 Rupees Restated
Long term investments-considered good		**117,231,654**	123,387,904
Long term investments-considered doubtful		**84,142,596**	84,142,596
		201,374,250	207,530,500
Less: Provision against doubtful investments	7.4	**84,142,596**	84,142,596
		117,231,654	123,387,904

7.2. Investment in subsidiary-unquoted

This represented the investment made in "Trust Capital (Private) Limited (TCPL)" a wholly owned un-quoted company, details of which were as follows:

6,000,000 shares of Rs.10 each	**60,000,000**	60,000,000

During the year 2011, the company sold its entire investment in the subsidiary company (Trust Capital (Pvt) Limited) amounting to Rs. 60,000,000 to M/s Commodities Transportation (Private) limited for a consideration amounting to Rs. 51,857,404 of which Rs. 45,857,404 receivable against the net assets of the subsidiary company as at March 31, 2011 and Rs. 6,000,000 receivable against loan to subsidiary company.Necessary approval of SECP for this sale of investment in the subsidiary company was awaited till June 2011. However SECP, vide letter dated March 12, 2012 informed the company that its application for the sale of subsidiary company could not be acceded at that point of time. However the company had already disposed of its investment.The financial statements of 2011 have been restated to correct this error. The financial impact of this error has been summarized in Note # 5 to these financial statements.

7.3. Investment in Term Finance Certificates and Bonds/Sukuks-unquoted
Held to maturity

	Note	2012 Rupees	2011 Rupees Restated
Term finance certificates			
Dewan Cement Limited	7.3.1	**50,000,000**	50,000,000
Azgard Nine Limited	7.3.2	**39,968,000**	39,968,000
Grays Leasing Limited	7.3.3	**-**	1,000,000
Bonds/ Sukuks			
New Allied Electronic Industries (Pvt) Limited-Sukuk	7.3.4	**20,000,000**	20,000,000
Eden Housing Limited-Sukuk	7.3.5	**31,406,250**	36,562,500
		141,374,250	147,530,500

7.3.1. This represents the investment made by the Company in term finance certificates issued for a period of 6 years, duly secured against ranking charge over fixed asset of the investee with a margin of 25% which was subsequently converted into first pari-passu charge over all fixed asset, carries mark-up at the rate of 6 month KIBOR +200 Bps and redeemable in 9 equal semi-annual installments of Rs.5,555,556/-, started from 17 January 2010. The credit rating assigned to such issue, by the Pakistan Credit Rating Agency (PACRA), is "D" and the total amount of issue is Rs. 5 billion.

7.3.2. The Company has purchased term finance certificates of Rs 40 million, out of total issue of Rs 2.5 billion, carrying mark-up rate @ 6 Months KIBOR +225 BPS upto June 04, 2010, 6 months K + 100 BPS upto December 2011, 6 Months K + 125 BPS upto December 2015 and 6 Months K + 175 BPS upto december 2017, issued for a period of 7 years. This Issue has been rescheduled and restructured on December 01, 2010 and the tenure is reset for a further period of 03 years which ended on March 04, 2017 with a further grace period 01 Year. The amount of Rs. 39.968 Million will be redeemed in two equal installments of Rs. 1,600/- during the months of July 2010 and August 2010, eight Semi annual intallmenst of Rs. 2,348,000/- and Four Semi Annual installmenst of Rs. 5,295,200/- starting from July 2010 and matured on December 31, 2017.

A new TFC Investors agreement was signed on june 28, 2012 for the settlement of Mark up Payable of Rs. 13,145,000/- upto March 31, 2012 against 2,669 numbers of Zero Coupon TFC Certificates with a grace period of 1.00 year and will seperatly redeemed in three semi annual installments of Rs. 1,314,500/-, Two Semi Annual Installments of Rs. 1,971,750/- and Two semi annual inatllments of Rs. 2,629,000/- starting from March 2014 and matured on March 31, 2017.

7.3.3. The investment made in these term finance certificates were fully redeemed during the current financial year.

7.3.4. This represent the investment amounting to Rs 40 million made in Sukuks issued for a period of 4 years secured against first parri pasu charge over present and future fixed assets of the investee with 25% margin. These carry mark-up @ 3 Months KIBOR +260 BPS and redeemable in 16 equal quarterly installments of Rs. 1,250,000/- starting from 25 October 2008. JCR-VIS assigned rating of "D" to said Sukuks which was subsequently withdrawn.

7.3.5. The Company has participated in sukuks issue of Rs. 3 billion by investing Rs. 50 million secured against first peri passu charge over current and future receivables of the investee upto extent of the issue.This issue has been reshduled and restructured for a further period of 1.5 years with a expiry of September 29, 2013.These carry mark-up @ 3 Months KIBOR+ 250 BPS with floor 7% and Cap of 20% . These certificates are redeemable in 02 equal Semi Annual installments of Rs. 6,250,000/-, 04 equal quarterly installments of Rs. 937,500 starting from 29 December 2010, 04 equal quarterly installments of Rs. 2,343,750 starting from December 29, 2011, 04 equal quarterly installments of Rs. 2,812,500/- and the last 04 quarterly installments of Rs. 3,281,250/-. The credit rating assigned to such sukus “D” by the JCR-VIS.

	Note	2012 Rupees	2011 Rupees Restated
7.4. Provision against doubtful investments			
Opening balance		**84,142,596**	130,000,000
Charge / (reversal) during the year		**-**	(45,857,404)
Closing balance	7.4.1	**84,142,596**	84,142,596
7.4.1. Particulars of provisioning			
Trust Capital (Pvt) Limited		**14,142,596**	14,142,596
Dewan Cement Limited-TFCs		**50,000,000**	50,000,000
New Allied Electronic Industries (Pvt) Limited-sukuks		**20,000,000**	20,000,000
		84,142,596	84,142,596

	Note	2012	2011
8. LONG TERM LOANS AND ADVANCES			**Restated**
Secured:			
Employees - considered good	**8.1**	**3,678,952**	15,217,116
Related parties - considered good		**31,479,062**	8,385,162
Companies, organizations and individuals			
Considered good	**8.2**	**51,923,030**	256,473,886
Considered doubtful		**7,047,805**	7,732,597
		58,970,835	264,206,483
		94,128,849	287,808,761
Un-secured:			
Companies, organizations and individuals - Considered doubtful	**8.3**	**397,838,899**	370,346,298
		491,967,748	658,155,059
Less: provision against doubtful loans	**8.4**	**398,842,509**	5,158,165
		93,125,239	652,996,894
Less : current maturity	**11**	**39,533,250**	75,619,145
		53,591,989	577,377,749

8.1. These represent long term loans provided to employees against mortgage of property and carry mark-up ranging from 4% to 12.50% (2011: 4% to 18.64%) per annum. The maximum aggregate balance due from the Chief Executive Officer is Rs. Nil (2011: Nil) and the maximum aggregate balance due from executives is Rs. 2.196 million (2011: 11.31 million).

8.2. These include long term finances provided to companies, organizations and individuals against mortgage of property, charge over assets and lien on deposits etc. These carry mark-up ranging from 16.00% to 20.62% (2011 : 16.00% to 23.19%) per annum.

8.3. It includes receivables of Trust Capital (Pvt) Limited (TCPL) amounting to Rs. 367 million, transferred in the books of Accounts of Trust Investment Bank Limited (TIBL) vide a tri-party agreement between TCPL, TIBL and other parties, approved by the Board of Directors of TIBL & TCPL, whereby various exposures of TCPL have been taken over by TIBL company and hereafter, the parties shall make payments directly to TIBL. The repayment shall be made in three quarterly installments of Rs. 0.5 million, four quarterly installments of Rs. 0.75 million, 31 quarterly installments of Rs. 11.332 million and last installment of Rs. 38.829 million receivable latest by June 30, 2020. It carries markup @ 10% per annum increasing by 2% each year upto 5 years and @ 18% from 5th year onwards.

	Note	2012 Rupees	2011 Rupees
8.4. Provision against doubtful loans			
Opening balance		**5,158,165**	245,262,737
Charge for the year		**393,709,628**	409,845
Reversal		**(25,284)**	(240,514,417)
Closing balance	**8.4.1**	**398,842,509**	5,158,165
8.4.1. Particulars of provision against doubtful loans			
Companies, organizations and individuals		**398,842,509**	5,158,165
		398,842,509	5,158,165

	Note	2012 Rupees	2011 Rupees

9. NET INVESTMENT IN LEASE FINANCE

	Note	2012 Rupees	2011 Rupees
Lease payments receivable	9.1	**1,620,342,394**	2,102,537,807
Add: Residual value		**513,812,155**	689,000,076
Gross investment in leases		**2,134,154,549**	2,791,537,883
Less: Unearned finance income		**30,076,591**	100,695,097
Income suspended	9.3	**181,890,491**	176,495,915
Provision for lease losses	9.4	**289,499,142**	272,245,963
		501,466,224	549,436,975
Net investment in lease finance		**1,632,688,325**	2,242,100,908
Less: Current portion of net investment in lease finance	11	**1,503,757,405**	2,088,404,126
		128,930,920	153,696,782

	30 June 2012			
	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	**1,706,819,184**	**427,335,365**	**-**	**2,134,154,549**
Less: Unearned finance income	**21,171,288**	**8,905,303**	**-**	**30,076,591**
	1,685,647,896	**418,430,062**	**-**	**2,104,077,958**

	30 June 2011			
	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	2,153,022,839	638,515,044	-	2,791,537,883
Less: Unearned finance income	64,618,713	36,076,384	-	100,695,097
	2,088,404,126	602,438,660	-	2,690,842,786

9.1. The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2011: 8% to 28%) per annum. Security deposit is obtained generally upto 10% to 20% of the cost of leased assets at the time of disbursement. The Company requires the lessees to insure the leased assets in the favour of the Company and to maintain the financial ratios required by NBFC's Prudential regulations. Additional lease rentals are charged on the delayed payments.

Generally leases are secured against title of leases assets but in some cases the leases are also secured against demand promissory notes of the lessees and personal guarantees of the directors and in case of individual lessees, two personal guarantees. Moreover, certain leases are additionally secured by mortgage of immovable property.

9.2. These leases pertain to previous years as the company does not have license for lease now.

9.3. Income suspended	Note	2012 Rupees	2011 Rupees
Balance at the beginning of the year		**176,495,915**	190,423,910
Suspended during the year		**13,315,591**	12,414,388
Reversal of suspension		**(7,921,015)**	(26,342,383)
Balance at the end of the year		**181,890,491**	176,495,915

9.4. Provision for lease losses

Balance at beginning of the year		**272,245,963**	292,511,840
Provision during the year		**28,529,168**	25,317,861
Provision reversed during the year		**(11,275,989)**	(45,583,738)
Balance at the end of the year		**289,499,142**	272,245,963

10. DEFERRED TAX ASSET

Taxable temporary differences			
Accelerated depreciation for tax purposes		**(9,105,030)**	(9,105,030)
Leasing Finance		**(345,554,360)**	(345,554,360)
Deductible temporary differences			
Provision against investments		**787,500**	787,500
Taxable losses		**869,803,568**	869,803,568
		515,931,678	515,931,678

10.1. Movement in deferred tax asset

Opening balance		**515,931,678**	525,838,319
Provision made during the year		**-**	(9,906,641)
Closing balance		**515,931,678**	515,931,678

Deferred tax asset on tax losses representing unabsorbed tax depreciation and business losses (2006: 251,075,059, 2007: 451,049,732, 2008: 586,248,201, 2009: 624,383,172, 2010: 467,403,992, 2011: 1,035,264,319) available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company has recognized all deferred tax asset at the end of financial year in respect of tax losses, as it is projected that sufficient tax profits would be available to set these off in the foreseeable future liabilities subsequent to years 2012 through 2015.

11. Current maturities of non-current assets

Long term investments	7	**15,468,750**	13,194,950
Long term loans and advances	8	**39,533,250**	75,619,145
Net investment in lease finance	9	**1,503,757,405**	2,088,404,126
		1,558,759,405	2,177,218,221

	Note	2012 Rupees	2011 Rupees Restated
12. Short term loans and advances			
Short term loans	12.1	**231,955,017**	780,545,686
Short term advances	12.2	**26,624,094**	13,490,212
		258,579,111	794,035,898

12.1. Short term loans-secured			Restated
Companies, organizations and individuals			
Considered good	12.1.1	**231,955,017**	780,545,686
Considered doubtful		**650,000**	650,000
		232,605,017	781,195,686
Less: provision against doubtful finances	12.1.2	**650,000**	650,000
		231,955,017	**780,545,686**

12.1.1 These include short term finances provided to companies, organizations and individuals against their certificates of investment and mortgage of property. These carry mark-up ranging from 14% to 23.19% (2011 : 16.73% to 24.2% %) per annum.

12.1.2	Opening balance	**650,000**	650,000
	Reversal during the year	**-**	-
	Closing balance	**650,000**	650,000

12.2. Short term advances		Restated
Advances to parties	**17,014,481**	9,838,555
Advances to employees	**9,609,613**	3,651,657
	26,624,094	13,490,212

13. SHORT TERM PLACEMENTS			
Repurchase agreement lendings (Reverse Repo)-secure	13.2	**7,022,877**	14,000,000
Placement against Property	13.3	**35,000,000**	-
		42,022,877	14,000,000
Less: Provision against doubtful lending		**7,022,877**	4,033,890
		35,000,000	9,966,110

13.1. Particulars of short term placements		
Considered good	**35,000,000**	-
Considered doubtful	**7,022,877**	14,000,000
	42,022,877	14,000,000

13.2. Repurchase agreement lendings (Reverse Repo)-secured		
Hascomb Business Solutions	**7,022,877**	14,000,000
	7,022,877	14,000,000

13.2.1. These are secured against fair value of quoted securities and mortgage of property. These carry mark-up at the rate of 25% (2011: 25%). Quoted securities placed as collateral were disposed off during the current financial year.

Fair value of quoted securities held as collateral against lending on repurchase agreement (reverse repo) is as follow:

	Note	2012 Rupees	2011 Rupees
Holders of shares			
Hascomb Business Solutions		-	9,966,110
		-	9,966,110
These have been placed for a period upto one year			

13.3 Placement against Property

This represents interest free placement of funds with First Fidelity Leasing Modarba for a period of 9 months with a maturity date March 31, 2013. The said placement would be adjusted / swapped with the transfer of rights and rewards of property on or before March 2013, at an agreed value of Rs. 35 million and in case of delay in the completion of property, the interest free placement shall be converted into mark-up bearing placement at the rate of six months KIBOR as on April 01, 2013.

14. SHORT TERM INVESTMENTS

	Note	2012 Rupees	2011 Rupees
Held for trading			
Listed shares	14.1	-	2,201,402
Available for sale			
Government treasury bills		-	-
Listed shares		-	-
		-	**2,201,402**
Less: Unrealized loss on revaluation of investments classified as held for trading		-	817,114
Less: Impairment loss		-	-
		-	1,384,288

14.1. Held for trading

	Shares		Cost		Fair value	
	2012	2011	**2012**	2011	**2012**	2011
	Numbers		----Rupees----			
Other financial institutions						
Pervaiz Ahmed securities limited	-	**961,311**	-	**2,201,402**	-	1,384,288
	-	**961,311**	-	**2,201,402**	-	1,384,288

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

	Note	2012 Rupees	2011 Rupees
15. INTEREST ACCRUED			
Mark-up accrued on:			
Bonds and term finance certificates	15.1	**16,633,203**	12,370,711
Short term and long term loans	15.2	**21,880,786**	82,340,460
Investments in lease	15.3	**191,987,465**	138,910,825
		230,501,454	233,621,996

15.1. Mark-up accrued on bonds and term finance certificates

Considered good		**16,633,203**	12,370,711
Considered doubtful		**44,568,467**	34,042,803
		61,201,670	46,413,514
Less: Suspension against doubtful receivables	15.1.1	**44,568,467**	34,042,803
		16,633,203	12,370,711

15.1.1. Suspension against doubtful receivables

Opening balance	**34,042,803**	23,385,974
Suspended during the year	**10,525,664**	10,656,829
Reversed during the year	**-**	-
Closing balance	**44,568,467**	34,042,803

15.2. Mark-up accrued on short term and long term loans

Considered good		**21,880,786**	82,340,460
Considered doubtful		**48,670,353**	10,783,602
		70,551,139	93,124,062
Less: Suspension against doubtful finances	15.2.1	**48,670,353**	10,783,602
		21,880,786	82,340,460

15.2.1. Suspension against doubtful loans

Opening balance	**10,783,602**	77,517,007
Suspended during the year	**54,460,662**	5,609,141
Reversed during the year	**(16,573,911)**	(72,342,546)
Closing balance	**48,670,353**	10,783,602

15.3. Mark-up accrued on investment in lease-considered good

This includes additional mark up on lease rentals amounting to Rs. 190.180 million (2011: Rs. 135.180 million) in respect of overdue rental receivables from performing lease portfolio in accordance with the terms of lease agreement.

16. OTHER RECEIVABLES

Receivable from broker - considered good		**21,143,275**	21,144,590
Miscellaneous receivables from lessees:	16.1		
Considered good		**22,803,954**	1,825,388
Considered doubtful		**317,742,732**	203,879,049
		340,546,686	205,704,437
Other receivables			
Considered good		**17,571,839**	38,205,276
Considered doubtful		**3,920,248**	3,920,248
		21,492,087	42,125,524
		383,182,048	268,974,551
Less: provisions for doubtful receivable	16.2	**324,888,581**	208,061,710
		58,293,467	60,912,841

16.1. This represents insurance and other miscellaneous charges receivable from lessees, in respect of vehicles insured by the bank against assets leased to them .

	Note	2012 Rupees	2011 Rupees
16.2. Movement of provisions for doubtful receivable			
Opening balance		**208,061,710**	167,297,721
Charge for the year		**122,338,404**	46,350,873
		330,400,114	213,648,594
Reversed during the year		**5,511,533**	5,586,884
Closing balance		**324,888,581**	208,061,710

17. CASH AND BANK BALANCES

	Note	2012 Rupees	2011 Rupees
Cash in hand		**457,065**	149,080
With banks in:			
Current accounts	17.1	**392,724**	2,589,760
Deposit accounts		**9,502,415**	26,368,685
		9,895,139	28,958,445
		10,352,204	29,107,525

17.1. Deposit accounts carry markup rate ranging from 6.5% to 10.75% per annum (2011: 6.5% to 11.25%).

18. ASSETS CLASSIFIED AS HELD FOR SALE

This represent the land having fair value amounting to Rs. 301 million received from sponsors as referred in Note 22 . and land having fair value amounting to Rs. 176 million received from Trust Capital (Pvt) limited valued by Nespak Private Limited dated 23 February 2010.

The bank by way of a special resolution passed at the Extraordinary General meeting held on August 12, 2011, has swapped / disposed off land classified as held for sale at a consideration other than cash amounting to Rs. 478 million in exchange of 47.8 million ordinary shares of an associated undertaking i.e. Tricon Developers Limited at a price of Rs. 10/- each from Mr. Asif Kamal (Chairman/director of the Company). The shares have been physically delivered by Mr. Asif Kamal and these shares have been partially offered to different financial institutions for the settlement of liabilities. The accounting entry of the swapping of land with shares will be processed once SECP approval is received. SECP approval for the transaction is awaited and the transaction will be executed thereafter.

19. SHARE CAPITAL

2012 No. of shares	2011 No. of shares		2012 Rupees	2011 Rupees
		Authorized		
80,000,000	80,000,000	Ordinary shares of Rs. 10 each	**800,000,000**	800,000,000
70,000,000	70,000,000	Preference shares of Rs. 10 each	**700,000,000**	700,000,000
150,000,000	150,000,000		**1,500,000,000**	1,500,000,000
		Issued, subscribed and paid up		
20,142,984	20,142,984	Ordinary shares of Rs. 10 each fully paid-up in cash	**201,429,840**	201,429,840
38,409,889	38,409,889	Ordinary shares of Rs. 10 each issued as bonus shares	**384,098,889**	384,098,889
30,650,000	30,650,000	Preference shares of Rs. 10 each issued	**306,500,000**	306,500,000
89,202,873	89,202,873		**892,028,729**	892,028,729

19.1. Mr. Zahid Rafiq and Genesis (Pvt) Limited, related parties of the Bank held 5,702,405 (9.74%) [2011: 5,702,405 (9.74%)] and 122,097,420 (20.85%) [2011: 122,097,420 (20.85%)] Ordinary shares of Rs. 10 each respectively, as at June 30,2012.

19.2. These are un-listed cumulative non-voting preference shares, each of Rs.10/-, issued against the adjustment of financing facilities and carry preference dividend @ 1 year KIBOR + 100 BPS which is payable in priority to ordinary shareholders. The dividend remained unpaid, shall be carried forward to future years and be paid in chronological order.

The Company may exercise the Call Option and repurchase these preference shares from investors from the commencement of 3rd anniversary, by giving 30 days notice, in accordance with following schedule:

- 3rd to 4th anniversary	upto 25%
- 4th to 5th anniversary	upto 50%
- After 5th anniversary	upto 100%

Further, these preference shares are convertible into ordinary shares of the Company at the option of investors from the 3rd anniversary till the 5th anniversary by giving thirty day notice in advance in following manner:

- 3rd to 4th anniversary	upto 25%
- 4th to 5th anniversary	upto 50%
- After 5th anniversary	upto 100%

The conversion ratio (A/B) for such issue is as follows:

A= Rupees ten (10/-) plus unpaid dividend, if any, on each preference share

B= Higher of following:

- Face value of shares
- Average discounted price of the ordinary share quoted in the daily quotation of KSE during the last twelve months prior to the conversion date

As the fair value of financial liability is equal to fair value of financial instrument and intrinsic value of financial instrument is nil so the whole amount is recognized as financial liability.

19.3. The above stated preference shares have been treated as part of equity on the following basis:

- The preference shares were issued under the provision of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with Section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

- The authorized capital of the Company and the issue of the preference shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on May 02, 2005.

- Return of allotment of shares was filed under Section 93(1) of the Ordinance.

- Dividend on the preference shares is appropriation of profit both under the Ordinance and the tax laws.

- The requirements of the Ordinance take precedence over the requirements of IFRSs.

However, considering the requirements of the IFRSs for classification of debt and equity instruments, which suggests that the above preference shares be classified as debt, the ICAP has sought a clarification from the SECP in respect of the presentation of preference shares in the financial statements prepared in accordance with the requirements of the Companies Ordinance, 1984. Pending the decision of the SECP in this matter, the preference shares have been reflected as equity of the Company.

20. RESERVES	Note	2012 Rupees	2011 Rupees
Capital reserves			
Statutory reserve	20.1	**240,030,907**	240,030,907
		240,030,907	240,030,907
Revenue reserves			
General reserve		**61,000,000**	61,000,000
Accumulated loss		**(2,134,655,367)**	(1,092,906,821)
		(2,073,655,367)	(1,031,906,821)
		(1,833,624,460)	(791,875,914)

20.1 Statutory reserve

Opening balance		**240,030,907**	206,758,319
Transfer from profit and loss account		**-**	33,272,588
Closing balance		**240,030,907**	240,030,907

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

21. SURPLUS ON REVALUATION OF FIXED ASSETS - NET

Land	21.1.1	**-**	1,222,187
Building	21.1.2	**862,270**	7,942,444
Capital work in progress	21.1.3	**18,511,500**	18,511,500
		19,373,770	27,676,131

21.1. Opening balance		**27,676,131**	72,656,103
Addition during the year		**-**	-
Deletion during the year		**(8,103,800)**	(44,113,500)
Transferred		**(198,561)**	(866,472)
Closing balance		**19,373,770**	27,676,131

21.1.1. This represents the surplus arised on revaluation of land carried by Synergisers (Private) Limited dated June 30, 2008. The revalued amount is based on the market values prevailing at the time of revaluation.

21.1.2. This represents the surplus arised on revaluation of building carried by Synergisers (Private) Limited and IMTECH (Private) Limited dated June 30, 2008 and June 26, 2008. The revalued amount is based on the market values prevailing at the time of revaluation.

21.1.3. This represents the surplus arised on revaluation of capital work in progress carried by Synergisers (Private) Limited dated December 31, 2009 and a subsequent revaluation by M/s Ali & Ali dated October 28,2010. The revalued amount is based on the market values prevailing at the time of revaluation.

22. LONG TERM FINANCING - SUBORDINATED LOAN

Long term financing-subordinated loan	22.1	**400,646,237**	400,646,237

22.1. This represents the sub-ordinate loan received from an associated company, Tricon Developers Limited (TDL), in the form of cash amounting to Rs. 100 million and land having fair value amounting to Rs. 301 million, vide agreement dated 17 May 2010.

The land mentioned above provided by the sponsors shall be exchanged with 30.64 million shares of Rs.10 each, of Tricon Developers Limited as approved by the shareholders in the extra ordinary general meeting held on 12 August 2011. These shares have been provided by Mr. Asif Kamal (director / chairman of board of directors of the Company) against land. The shares have not yet been transferred in the name of the company since approval of SECP for the same is awaited.

The terms and conditions of the sub-ordinate loan, as amended vide addendum dated 29 June 2011, is that Company shall issue shares amounting to Rs. 300.64 million to Mr. Asif Kamal (director / chairman of board of directors of the Company), and shares amounting to Rs. 100 million to Tricon Developers Limited after obtaining permission from SECP for the issuance of its ordinary shares against the loan before 31 December 2011. Subsequently the deadline given in the addendum dated 29 June 2011 for obtaining permission from SECP by the TIBL for issue of shares to the Tricon Developers Limited i.e. 31 December 2011 was extended and replaced with June 30, 2012 by Second addendum dated 20 December 2011. It was further extended and replaced with June 30, 2013 by Third addendum dated 30 June 2012.

	Note	2012 Rupees	2011 Rupees
23. LONG TERM FINANCING - OTHERS			
Banking companies and other financial institutions-secured	23.1	**168,627,292**	506,230,566
Banking companies and other financial institutions-unsecured	23.2	**-**	-
Term finance certificates (TFC) - secured	23.3	**73,089,066**	221,148,137
		241,716,358	727,378,703

23.1. Banking companies and other financial institutions-secured

The Bank of Punjab	23.1.1	**296,077,333**	146,418,748
Allied Bank Limited	23.1.2	**70,000,005**	76,666,671
Pak Oman Investment Company Limited.	23.1.3	**5,161,297**	7,741,941
The Bank of Khyber	23.1.4	**27,777,780**	32,986,113
Standard Chartered Bank Limited	23.1.5	**49,329,674**	49,329,674
Atlas Bank Limited	23.1.6	**81,640,625**	94,531,250
First Women Bank Limited	23.1.7	**64,027,397**	67,027,397
CDC Trustee Askari Income Fund	23.1.8	**126,250,000**	143,250,000
PAK Brunei Investment Company	23.1.9	**2,536,941**	4,216,941
IGI Investment Bank Limited	23.1.10	**67,500,000**	69,750,000
The punjab Provincial Co operative Bank Limited	23.1.11	**88,058,721**	228,058,721
		878,359,773	919,977,456
Less: Current portion shown under current liabilities	30	**709,732,481**	413,746,890
		168,627,292	506,230,566

23.1.1. This represents two facilities of an aggregate amount of Rs. 301.77 million.These facilities are secured against exclusive charge on specific leased assets. Facility of Rs. 279.752 million carries mark-up rate of 9.33% per annum. This facility is repayable in 2 quaterly installments of Rs. 2.5 million, one installment of Rs. 12 Million, Two installments of Rs. 27 million, two Installments of Rs. 40 Million, One Installment of Rs. 33.33 Million, One Installment of Rs. 30.419 Million, One Installment of Rs. 16 Million, Two Installments of Rs. 21 Million and One Installment of Rs 6.99 Million on Quaterly basis Starting from October 31, 2011 to September 301, 2014. The other facility of Rs. 21.325 Million is a non service able facility and repayable in six quarterly installments starting from June 30, 2011 to September 30,2014.

23.1.2. This represent an unsecured facility of an amount of Rs. 200 million, out of which Rs. 50 Million is converted into preference shares from May 10, 2010. This facility (200 M) carries mark up rate of 1 Month KIBOR + 200 bps upto July 2009 and 1 Month KIBOR from July 01, 2009 onward and is repayable in 36 equal monthly installments of Rs. 3,333,333 starting from June 4, 2010 and expiring on May 29, 2013.

23.1.3. This represents facility of Rs.23 million. This facility is secured against first charge on specific loan receivables with a margin of 25%. It carried mark-up rate of 3 month KIBOR + 250 bps per annum and was repayable in twelve equal monthly installments starting from 10 August 2009 and expiring on 10 July 2010. Facility has been restructured on 4 December 2009. Mark-up rate has been changed to 6 month KIBOR + 150 bps per annum and principal is repayable in immediate payment of Rs. 3,000,000 on 4 December 2009 and 31 equal monthly installments starting from 23 December 2009 and expired on 23 June 2012.

23.1.4. This represents a facility of Rs. 150 million secured against first charge on specified leased assets and related receivables amounting Rs.75 Million has been converted into preference shares and the while the balance amount of Rs. 75 Million has been converted into term Finance facility which carries mark up @ 1 month KIBOR. This facility is repayable in thirty six equal monthly installments starting from 01 January 2010 and expiring on 01 December 2012.

23.1.5. This represents a facility of Rs. 500 million for the purpose of expansion of lease portfolio. The facility is secured against lease receivables to the extent of Rs. 715 million. It carries mark-up at the rate of 3 month KIBOR + 160 bps. The facility is repayable in twelve equal quarterly installments starting from 31 May 2008 and expired on 28 February 2011.

23.1.6. This represents two facilities of Rs.100 million each. These facilities are secured against first charge on specific/exclusive leased assets and related receivables with 25% margin. These carry mark-up @ 3 month KIBOR + 185 bps per annum with floor of 13.50%. These facilities were repayable in sixteen equal quarterly installments starting from 28 June 2008 and expiring on 28 May 2012. However, these facilities have been rescheduled on 7 January 2010. Outstanding principal of Rs. 68.75 million of Term Finance 1 is repayable in 16 equal quarterly installments starting from 1 February 2010 and expiring on 1 November 2013. While outstanding principal of Rs. 68.75 million of Term Finance 2 is repayable in 16 equal quarterly installments starting from 1 March 2010 and expiring on 1 December 2013.

23.1.7. This represents facility of Rs.88 million which has been rescheduled during the year. This facility is secured against exclusive charge on lease receivables amounting Rs. 10 million and pledge of TFC/Sukuks amounting to Rs. 50 million. It carries mark-up @ 1 month KIBOR per annum. This facility is repayable in twelve monthly installments of Rs.1 million, 12 monthly installments of Rs. 1.5 million, 11 monthly installments of Rs. 2 million and last bullet payment of Rs. 36 million starting from 31 January 2010 and expired on 31 December 2012.

23.1.8. This represents facility of Rs.194 million rescheduled during the year. This facility is secured against exclusive charge and carries @ 1 month KIBOR + 200 bps per annum. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments starting from 31 January 2010 and expired on 1 February 2012.

23.1.9. This represents facility of Rs.10.1 million rescheduled during the year. This facility is secured against first charge on all moveable assets to the extent of sale price. The facility carries mark-up @ 1 month KIBOR per annum. This facility is repayable in 23 equal monthly installments of Rs.420,000 and last installment of Rs.436.941 starting from 8 May 2010 and expired on 8 Apr 2012.

23.1.10. This represents facility of Rs.80 million rescheduled during last year. This facility is secured against ranking charge on current assets equivalent to Rs.115 million with 30% margin. The facility carries mark-up rate of 1 month KIBOR per annum. This facility is repayable in six equal monthly installments of Rs.0.5 million, 12 equal monthly installments of Rs.0.75 million, 6 equal monthly installments of Rs.1 million, 12 equal monthly installments of 1.5 million, 10 equal monthly installments of Rs.1.75 million and 13 equal monthly installments of Rs. 2 million, starting from 15 March 2010 and expiring on 15 Feb 2015.

23.1.11. This represents facility of Rs.284.298 million converted from short term loans to long term loans. This facility is secured against exclusive first charge against Leased assets and related recevables. The facility carries mark-up rate of 1 month KIBOR + 200 bps per annum. This facility is repayable in twenty eight equal monthly installments of Rs.10 million and the balance amount of Rs. 4,298,472 will be paid the last installment, starting from 16 September 2010 and expiring on 15 Feb 2013.Loan amounting to Rs.140M has been swapped with term loan due from Vital enterprises.

	Note	2012 Rupees	2011 Rupees
23.2 Banking companies and other financial institutions-unsecured			
CDC Trustee KASB Liquid Fund	23.2.1	**3,500,000**	5,500,000
Dawood Money Market Fund	23.2.2	**7,842,873**	10,842,873
House Building Finance Corporation	23.2.3	**5,909,086**	10,340,905
Bank AlFalah Ltd	23.2.4	**-**	5,500,000
		17,251,959	32,183,778
Less: Current portion shown under current liabilities	30	**17,251,959**	32,183,778
		-	-

23.2.1. This represents facility of Rs.41 million rescheduled during the year. This facility is unsecured and carries mark-up @1 month KIBOR per annum. This facility is repayable in immediate payment of Rs. 5 million, two monthly installments of Rs.5 million, three monthly installments of Rs. 2.5 million, eighteen monthly installments of Rs. 1 million and last installment of Rs. 0.5 million starting from 19 January 2010 and expired on 19 December 2011.

23.2.2. This represents facility of Rs.37.8 million rescheduled during the year. This facility is unsecured and carries mark-up @1 month KIBOR per annum. This facility is repayable in twenty five monthly installments of Rs.1.5 million and last installment of Rs. 1.8 million starting from 25 January 2010 and expired on 7 January 2012.

23.2.3. This represents facility of Rs.43.5 million rescheduled during the year. This facility is unsecured and carries mark-up @ 3 month KIBOR + 200 bps per annum. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments of Rs.1.477 each starting from 15 March 2010 and expired on 15 January 2012.

23.2.4 This represents facility of Rs.56 million rescheduled during the year. This facility is unsecured and carries mark-up @ 1 month KIBOR per annum. This facility was repayable in 35 equal monthly installments of Rs.1.5 million and last installment of Rs. 3.5 million starting from 26 May 2010 and expiring on 15 December 2012. This facility is restructured on 10 May 2010 and out of remaining principal on Rs. 50 million, Rs. 25 million have been converted into preference shares and Rs. 25 million are repayable in 16 equal monthly installments of Rs. 1.5 million and last installment of Rs. 1 million starting from 22 May 2010 and expiring on 22 September 2011. This facility is fully paid off during the year.

23.3. Term finance certificates (TFC) - secured

TFC III	23.3.1	**230,583,980**	374,850,000
Less: Unamortized portion of the initial transaction cost		**1,880,935**	3,761,863
		228,703,045	371,088,137
Less: Current maturity	30	**155,613,979**	149,940,000
		73,089,066	221,148,137

23.3.1. This represents third issue of secured, rated and listed Term Finance Certificates (TFC's) being instrument of redeemable capital issued under the Companies Ordinance, 1984. The TFC's have a tenure of five (5) years and consist of Rs. 600 million of which Rs. 450 million were offered to institutional investors for Pre-IPO placements and Rs.150 million to the general public. The TFC's are secured by way of first charge on specific leased assets and associated lease rentals receivable with a margin of 40% and are issued in set of ten (10) TFC's, each set having an aggregate face value of Rs. 5,000.

The instrument is structured to redeem 0.02% of the principal in two semi-annual installments and the remaining principal in eight semi-annual installments of 12.495% each of the issue amount respectively starting from the 18th month. Each TFC will be 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 + 185 bps per annum with no floor and no cap. The profit rate is set one day before the start of semi- annual period for which the profit is being paid.

The Company have a call option to redeem in full the outstanding amount of the TFC's which will be exercisable at any time after the expiry of two years period from the issue date. The call option will be exercisable on the redemption dates only.

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

24. LONG TERM MORABAHA

Long term morabaha	**24.1**	**15,500,000**	19,500,000
Less: Current portion shown under current liabilities	**30**	**15,500,000**	12,000,000
		-	7,500,000

24.1. This represents Bi Muajjal murabaha facility of Rs.20.5 million and profit thereon amounting to RS. 5,008,602/- be distributed over the period of its agreement. This facility is repayable in twenty equal monthly installments of Rs.1 million and last installment of Rs.0.5 million, starting from 25 May 2011 and expired on 25 Feb 2013.

25. LONG TERM CERTIFICATES OF INVESTMENT - UNSECURED

			Restated
Local currency			
- Financial institutions		**-**	133,333,333
- Corporate		**281,276,384**	285,552,094
- Individuals		**12,800,000**	13,400,000
	25.1	**294,076,384**	432,285,427
Less: Current maturity	**30**	**262,863,737**	179,822,940
		31,212,647	252,462,487

25.1. These represent deposits received by the Company as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates are issued for term ranging from over 1 year to 5 years and carries profit ranging from 11.5% to 22.22% (2011: 10% to 22.22%) per annum.

	Note	2012 Rupees	2011 Rupees
26. DEFERRED LIABILITIES			
Gratuity	26.1	**1,456,752**	6,364,234
Leave encashment	26.2	**1,478,502**	2,850,075
		2,935,254	9,214,309

Gratuity scheme is funded and pays a lump-sum gratuity to members on leaving the Company's service after completion of six months of continuous service. The amount of gratuity is calculated on the basis of last drawn gross salary of the employee.

Leave encashment scheme is unfunded and has been discontinued with effect from 01 January 2009. However, employees having accumulated leave balances as at 31 December 2008 will be entitled for encashment of accumulated leave balances as at 31 December 2008 on leaving the service based on their last drawn gross salary.

	Note	Gratuity 2012	Gratuity 2011	Leave Encashment 2012	Leave Encashment 2011
		----------Rupees----------			
26.1. Amount recognized in the balance sheet					
Present value of defined benefit obligations	26.1.1	**7,127,738**	10,307,555	**1,478,502**	2,850,075
Less: Fair value of plan assets	26.1.2	**(2,812,589)**	(2,629,338)	**-**	-
Less: Actuarial (losses) to be recognized in later periods		**(4,466,397)**	(3,190,483)	**-**	-
Add: Benefits due but not paid		**1,608,000**	1,876,500	**-**	-
		1,456,752	6,364,234	**1,478,502**	2,850,075
26.1.1. Movement in the defined benefit obligation:					
Present value of defined benefit obligation at beginning of the year		**10,307,555**	11,203,547	**2,850,075**	3,037,773
Current service cost for the year		**3,786,801**	4,748,012	**96,983**	759,433
Interest cost for the year		**1,443,058**	1,344,426	**399,011**	364,533
Benefits paid / discharged during the year		**(8,047,000)**	(4,294,290)	**(1,984,240)**	(1,252,260)
Benefits due, but not paid during the year		**(1,608,000)**	(1,876,500)	**-**	-
Past service cost charged due to change in benefits		-	-	**-**	-
Actuarial (gain) / loss on present value of defined benefit obligation		**1,245,324**	(817,640)	**116,673**	(59,404)
		7,127,738	10,307,555	**1,478,502**	2,850,075
26.1.2. Movement in the fair value of plan assets:					
Fair value of plan assets as at 01 July 2011		**2,629,338**	2,446,588		
Total contributions made in the year		**9,923,500**	4,700,540		
Expected return on plan assets for the year		**368,107**	293,591		
Benefits paid / discharged during the year		**(9,923,500)**	(4,700,540)		
Actuarial gain / (loss) on assets		**(184,856)**	(110,841)		
		2,812,589	2,629,338		

	Note	Gratuity 2012	Gratuity 2011	Leave Encashment 2012	Leave Encashment 2011
26.2. Movement of liability:		----------Rupees----------			
Balance sheet liability as at 01 July 2011		**6,364,234**	5,052,317	**2,850,075**	3,037,773
Amount recognized during the year	**26.3**	**5,016,018**	6,012,457	**612,667**	1,064,562
Contribution made during the year		**(9,923,500)**	(4,700,540)	**(1,984,240)**	(1,252,260)
		1,456,752	6,364,234	**1,478,502**	2,850,075
26.3. Staff service cost expense recognized in the profit & loss account					
Current service cost		**3,786,801**	4,748,012	**96,983**	759,433
Interest cost		**1,443,058**	1,344,426	**399,011**	364,533
Expected return on plan assets		**(368,107)**	(293,591)	**-**	-
Actuarial (gains) / losses		**154,266**	213,610	**116,673**	(59,404)
Past service cost charged due to change in benefits		**-**	-	**-**	-
		5,016,018	6,012,457	**612,667**	1,064,562
26.4. Actual return on the plan assets					
Expected return on the plan assets		**368,107**	293,591	**-**	-
Actuarial (loss) on plan assets		**(184,856)**	(110,841)	**-**	-
Actual return on the plan assets		**183,251**	182,750	**-**	-

26.5. Qualified actuary carried out the valuation as on 30 June 2012 using the Projected Unit Credit Method. Following significant assumptions have been used.

	Gratuity 2012	Gratuity 2011	Leave encashment 2012	Leave encashment 2011
	----------Per annum----------			
Discount rate	**13%**	14%	**13%**	14%
Expected rate of increase in salary	**12%**	13%	**12%**	13%
Expected rate of return on plan assets	**14%**	12%	-	-
Average number of leaves utilized per annum	**-**	-	**8 Days**	8 Days
Expected average remaining years until vesting as on 30 June	**14 years**	14 years	-	-

26.6. The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2012	2011	2010	2009	2008
	----------Rupees----------				
As at 30 June					
Present value of defined benefit obligation	**7,127,738**	10,307,555	11,203,547	7,865,683	10,194,637
Fair value of plan assets	**2,812,589**	2,629,338	2,446,588	2,264,209	5,647,850
(Deficit) / surplus	**(4,315,149)**	(7,678,217)	(8,756,959)	(5,601,474)	(4,546,787)

Fair value of plan assets include certificates of investments, whose fair value is Rs. 2.812 million (2011: Rs. 2.629 million).

	Note	2012 Rupees	2011 Rupees
27. LONG TEM DEPOSITS			
Margin against letters of guarantee		**164,252,852**	87,171,969
Deposits against lease arrangements	**27.1**	**511,827,522**	685,762,220
Less: Current maturity	**30**	**482,478,149**	512,522,498
		29,349,373	173,239,722
		193,602,225	260,411,691

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

	Note	2012 Rupees	2011 Rupees Restated
28. SHORT TERM BORROWINGS			
Banking companies and other financial institutions:			
Running finances - secured	**28.1**	**39,947,964**	41,605,658
		39,947,964	41,605,658

28.1. These represent two running finances utilized from commercial banks. The total limits against running finances amounting Rs. 120.6 million (2011: Rs. 120.6 million). These carry mark-up @ 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% (2011: 3 months KIBOR + 300 bps with a floor ranging from 4.5% to 10%) per annum payable on quarterly basis respectively.

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.

Carrying amount of quoted shares given as collateral against borrowings		-	-

	Note	2012 Rupees	2011 Rupees
29. SHORT TERM CERTIFICATES OF INVESTMENT			
Local currency			
- Financial institutions		**16,950,000**	43,450,000
- Corporate		**1,527,413,136**	1,702,172,179
- Individuals		**174,630,570**	231,422,216
		1,718,993,706	1,977,044,395

29.1. These represent unsecured short term certificates of investment for a period of one months to one year. These carry mark-up rate ranging from 10% to 18.75% (2011: 10% to 18.75%) per annum.

	Note	2012 Rupees	2011 Rupees
30. CURRENT MATURITIES OF LONG TERM LIABILITIES			
Long term financing from banking companies & FI			
Secured	**23.1**	**709,732,481**	413,746,890
Unsecured	**23.2**	**17,251,959**	32,183,778
Term finance certificates - secured	**23.3**	**155,613,979**	149,940,000
Long term Murabaha	**24**	**15,500,000**	12,000,000
Certificates of investment - unsecured	**25**	**262,863,737**	179,822,940
Long term deposits	**27**	**482,478,149**	512,522,498
		1,643,440,305	1,300,216,106
31. MARK-UP ACCRUED			
Secured			
- Short and long term borrowings		**89,375,472**	24,705,397
- Term finance certificates		**16,916,666**	28,161,758
		106,292,138	52,867,155
Unsecured			
- Certificates of investment		**157,647,806**	50,228,968
		263,939,944	103,096,123

	Note	2012 Rupees	2011 Rupees

32. TRADE AND OTHER PAYABLES

	Note	2012 Rupees	2011 Rupees
Advance receipt against leases	32.1	**49,458,150**	79,497,816
Unclaimed dividend		**3,099,758**	3,101,207
Preference dividend payable		**98,475,716**	52,618,867
Accrued liabilities		**11,176,860**	7,038,761
Other liabilities	32.2	**92,372,110**	30,975,121
		254,582,594	173,231,772

32.1. These represent initial security deposit received against financing facilities.

32.2. These include withholding tax payable Rs.10.892 million (2011: Rs.0.440 million), central excise duty payable Rs.0.772 million (2011: 0.341 million) and balance with related party amounting Rs. 49,743 /-

33. CONTINGENCIES AND COMMITMENTS

33.1. Contingencies

The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 772.471 Million (2011: Rs. 727.191 million).

The Company has filed recovery suits amount to Rs. 1,769.15 (2011: Rs. 1,694.51 million). Prima facie the Bank has good arguable cases, the financial impact of the same has been accounted for in these financial statements.

33.2. Commitments

33.2.1 Financing commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (2011 : 28.251 Million).

34. INCOME FROM LEASE OPERATIONS

	Note	2012 Rupees	2011 Rupees
Finance lease income		**51,580,979**	144,413,190
Commitment and other fees		**62,303**	442,776
Miscellaneous	34.1	**66,774,691**	145,157,501
		118,417,973	290,013,467

34.1. Miscellaneous lease income

	2012 Rupees	2011 Rupees
Mark-up on lease advance	**151,072**	-
Additional mark up on overdue lease rentals	**66,623,619**	145,157,501
	66,774,691	145,157,501

35. INCOME FROM INVESTMENTS

	2012 Rupees	2011 Rupees Restated
Gain on disposal of "HFT" and "AFS" investments	**1,671,304**	6,753,023
Profit on short term placements	**8,944,612**	2,818,014
Profit on long term investments	**9,885,369**	12,364,374
Dividend income	**-**	2,955,611
Profit from First National Equity (Broker)	**-**	3,624,250
Income from consultancy and trusteeship services	**-**	1,086,796
Deficit on revaluation of held for trading investments	**-**	(817,114)
	20,501,285	28,784,954

36. INCOME FROM TERM FINANCES

36.1. Mark- up earned on long term finances

	2012 Rupees	2011 Rupees
Employees	**936,561**	1,617,367
Customers	**25,042,351**	217,996,504
	25,978,912	219,613,871

36.2. Mark- up earned on short term finances

	2012 Rupees	2011 Rupees
Employees	**-**	508
Customers	**76,041,039**	103,914,092
	76,041,039	103,914,600
	102,019,951	323,528,471

	Note	2012 Rupees	2011 Rupees
37. FINANCE COST			
Mark-up on long term borrowings		**121,975,015**	159,811,391
Mark-up on term finance certificates		**39,650,617**	63,743,569
Amortisation of initial cost		**1,880,928**	3,259,833
Markup on short term borrowings		**-**	17,735,650
Mark-up on certificates of investment		**329,607,492**	310,703,784
Mark-up on running finance		**6,321,154**	11,378,546
Bank charges and commission		**45,790,055**	19,005,361
Amortization of preference shares cost		**1,529,350**	1,558,115
		546,754,611	587,196,249

38. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2012 Rupees	2011 Rupees
Salaries and other benefits	**38.1**	**69,117,394**	78,558,816
Printing and stationery		**1,207,528**	1,608,974
Vehicle running and maintenance		**14,369,385**	13,797,307
Postage, telephone and telex		**2,039,493**	2,544,301
Traveling and conveyance		**2,994,870**	2,121,109
Boarding and lodging		**716,041**	409,618
Entertainment		**1,399,455**	1,329,159
Advertisement		**670,098**	712,440
Electricity, gas and water		**1,888,838**	2,240,716
Newspapers and periodicals		**37,255**	65,966
Auditors' remuneration	**38.2**	**1,475,000**	1,025,000
Fee and subscription		**2,745,646**	4,144,343
Rent, rates and taxes		**13,267,477**	14,769,086
Insurance		**1,177,489**	1,872,050
Office maintenance		**1,418,925**	2,458,944
Legal and professional charges		**8,522,274**	8,777,556
Security charges		**861,036**	915,040
Staff training		**55,495**	590,700
Depreciation on property and equipment	**6.1**	**6,880,145**	8,262,898
Amortization on intangible assets	**6.3**	**105,864**	105,864
Miscellaneous		**6,723,875**	3,889,051
		137,673,583	150,198,938

38.1. It includes provision for gratuity and compensated leave absences amounting to Rs. 5.016 million and Rs. 0.613 million respectively (2011: Rs.6.012 million and Rs.1.065 million respectively).

38.2. AUDITORS' REMMUNERATION

	Note	2012 Rupees	2011 Rupees
Audit fee:			
Annual		**800,000**	600,000
Half yearly review		**300,000**	300,000
Certification		**40,000**	-
Out of pocket expenses		**335,000**	125,000
		1,475,000	1,025,000

39. OTHER OPERATING INCOME

	Note	2012 Rupees	2011 Rupees
Gain on disposal of operating fixed assets		**173,711**	11,476,026
Commission income		**8,919,298**	8,382,817
Profits on bank deposits		**1,172,954**	6,320,521
Income against terminated leases		**-**	2,036,555
Miscellaneous	**39.1**	**1,328,064**	3,176,405
		11,594,027	31,392,324

39.1. This head contains income on bouncing of cheques of lessees and ware house charges recovered from lessees.

	Note	2012 Rupees	2011 Rupees

40. OTHER OPEARTING EXPENSES

These represent lease receivables written off during the year.

41. PROVISION / (REVERSAL OF PROVISION) AGAINST LEASE AND TERM LOAN

	Note	2012 Rupees	2011 Rupees
Provision for potential lease losses		**17,253,179**	(20,265,877)
Provision for loans and advances		**393,684,344**	(240,104,572)
Provision for other receivable		**116,826,871**	40,763,989
Provision against financing against shares		**2,988,987**	1,941,590
		530,753,381	(217,664,870)

42. PROVISION / IMPAIRMENT IN THE VALUE INVESTMENT

	2012	Restated
Reversal of provision for diminution of investment in subsidary	**-**	(45,857,404)
	-	(45,857,404)

43. PROVISION FOR TAXATION

	Note	2012 Rupees	2011 Rupees
For the year			
- Current tax			
For the year	**43.1**	**2,028,795**	7,621,365
Prior year			(553,772)
- Deferred tax		**-**	9,906,641
		2,028,795	16,974,234

43.1. The reconciliation of tax expense and product of accounting profit of corresponding year multiplied by the applicable tax rate cannot be made in view of minimum taxation and final tax on dividend income.

44. (LOSS) / EARNINGS PER SHARE

		2012	2011
(Loss) / Profit for the year after taxation	Rupees	**(1,050,050,907)**	123,848,371
Weighted average number of ordinary shares	Numbers	**58,552,872**	58,552,872
(Loss) / Earning per share - basic	Rupees	**(17.93)**	2.12

There is no dilutive effect on the basic earning / (loss) per share of the company.

45. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE AND DIRECTORS

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
	------Rupees------					
Managerial remuneration	**8,694,870**	5,805,000		-	**8,027,365**	11,232,288
Housing and utilities	**4,785,549**	3,195,000		-	**4,418,161**	6,182,112
Bonus	**-**	-		-	**-**	1,384,124
Medical	**38,000**	12,603		-	**398,526**	456,497
Others	**883,250**	848,611		-	**1,123,884**	1,451,200
Gratuity	**2,104,552**	1,500,000		-	**6,731,389**	7,018,500
Directorship Fee	**-**	-	**1,700,000**	1,470,000		-
	16,506,221	11,361,214	**1,700,000**	1,470,000	**20,699,325**	27,724,721
Number of persons	**1**	1	**7**	7	**8**	10

45.1. Fee was paid to directors for attending the board meetings amount to Rs. 1,700,000 (2011: Rs.1,470,000).

46. MATURITIES OF ASSETS AND LIABILITIES

	2012			
	Total	Upto one year	Over one to five years	Over five years
Financial assets:	......Rupees......			
Net investment in lease finance	1,632,688,325	1,503,757,405	128,930,920	-
Long term loans and advances	93,125,239	39,533,250	(64,562,178)	118,154,167
Long term investments	117,231,654	15,468,750	101,762,904	-
Short term loans and advances	258,579,111	258,579,111	-	-
Short term placements	35,000,000	35,000,000	-	-
Short term investments	-	-	-	-
Interest accrued	230,501,454	230,501,454	-	-
Other receivable	58,293,467	58,293,467	-	-
Cash and bank balances	10,352,204	10,352,204	-	-
	2,435,771,454	**2,151,485,641**	**166,131,646**	**118,154,167**
Financial liabilities				
Long term certificates of investments	294,076,384	262,863,737	31,212,647	
Long term financing	1,540,461,014	898,098,419	642,362,595	-
Short term certificates of investments	1,718,993,706	1,718,993,706		
Short term borrowings	39,947,964	39,947,964	-	-
Mark-up accrued	263,939,944	263,939,944	-	-
Trade and other payables	254,582,594	254,582,594	-	-
	4,112,001,606	**3,438,426,364**	**673,575,242**	**-**
Net Balance	**(1,676,230,152)**	**(1,286,940,723)**	**(507,443,596)**	**118,154,167**
Shareholders' equity	**(941,595,731)**			

	2011			
	Total	Upto one year	Over one to five years	Over five years
Financial assets:	......Rupees......			
Net investment in lease finance	2,242,100,908	2,088,404,126	153,696,782	-
Long term loans and advances	652,996,894	75,619,145	323,238,022	254,139,727
Long term investments	123,387,904	13,194,950	110,192,954	-
Short term loans and advances	794,035,898	794,035,898	-	-
Short term placements	9,966,110	9,966,110	-	-
Short term investments	1,384,288	1,384,288	-	-
Mark-up accrued	233,621,996	233,621,996	-	-
Other receivable	60,912,841	60,912,841	-	-
Cash and bank balances	29,107,525	29,107,525	-	-
	4,147,514,364	**3,306,246,879**	**587,127,758**	**254,139,727**
Financial liabilities				
Long term certificates of investments	432,285,427	179,822,940	252,462,487	-
Long term financing	1,743,395,608	607,870,668	1,135,524,940	-
Short term certificates of investments	1,977,044,395	1,977,044,395	-	-
Short term borrowings	41,605,658	41,605,658	-	-
Mark-up accrued	103,096,123	103,096,123	-	-
Trade and other payables	173,231,772	173,231,772	-	-
	4,470,658,983	**3,082,671,556**	**1,387,987,427**	**-**
Net Balance	**(323,144,619)**	**223,575,323**	**(800,859,669)**	**254,139,727**
Shareholders' equity	**100,152,815**			

46.1 FINANCIAL RISK MANAGEMENT

46.1.1. Financial risk factors

The bank's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the management company, chief operating officer and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

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

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

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The bank is exposed to equity price risk as bank hold available for sale and held for trading investments.

	2012	2011
Reporting date all index points	13801	12496

		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity
Held-for-trading investments			(Rupees)	
		+10%	-	-
	2012	-10%	-	-
		+10%	138,429	-
	2011	-10%	(138,429)	-

(iii) Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market mark up rates.

The bank has no fixed rate instruments. The bank's mark up/profit rate risk arises from long term financing, short term financing, investments and lease.

At the balance sheet date the interest rate profile of the bank’s mark up bearing financial instruments was:

	2012	2011
Floating rate instruments	**Rupees**	**Rupees**
Financial assets		
Bank balances - deposit accounts	9,502,415	26,368,685
Short term placements	35,000,000	9,966,110
Short term loans and advances	258,579,111	794,035,898
Long term investments	117,231,654	123,387,904
Lease rental receivables	1,632,688,325	2,242,100,908
Long term loans and advances	93,125,239	652,996,894

Fair value sensitivity analysis for fixed rate instruments

The bank does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the bank.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Bank balances	10,352,204	29,107,525
Short term placements	35,000,000	9,966,110
Short term loans and advances-net	258,579,111	794,035,898
Interest accrued	230,501,454	233,621,996
Other receivables	58,293,467	60,912,841
Long term investments	117,231,654	123,387,904
Lease rental receivables	1,632,688,325	2,242,100,908
Long term loans and advances	93,125,239	652,996,894
	2,435,771,454	4,146,130,076

Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (term loan and lease rental receivables) at the reporting date by type of customer was:

	2012 Rupees	2011 Rupees
Chemical & fertilizer	**15,046,000**	17,492,200
Construction / Real Estate	**172,493,048**	869,713,598
Financial institutions / Insurance Companies	**420,153,520**	20,670,234
Health care	**37,713,755**	38,303,755
Hotels	**13,896,300**	21,963,300
Individuals / auto lease	**1,245,532,144**	1,818,896,339
Miscellaneous manufacturing	**373,822,553**	425,616,738
Miscellaneous services	**239,278,267**	445,541,638
Natural gas & LPG	**67,204,333**	151,953,295
Paper & board	**13,900,000**	19,660,000
Steel & engineering	**23,352,000**	44,223,425
Sugar & allied	**39,324,475**	39,324,475
Textile composite	**37,323,766**	62,297,766
Textile knitwear / apparel	**194,480,000**	194,480,000
Textile spinning	**25,488,060**	36,557,060
Transport & communication	**414,295,698**	436,062,977
	3,333,303,919	4,642,756,800

The age of overdue term loans and lease rental receivables and related impairment loss at the balance sheet date was:

	2012 Rupees	2011 Rupees
Overdue term loans and lease rental receivables		
Past due 0 - 180 days	**130,267,256**	382,305,053
Past due 181 - 365 days	**97,062,419**	52,282,814
1 - 2 years	**426,536,269**	140,233,518
More than 2 years	**1,095,250,338**	1,054,739,938
	1,749,116,282	1,629,561,323
Provision on term loans and lease rental receivables		
Past due 0 - 180 days	**-**	-
Past due 181 - 365 days	**-**	-
1 - 2 years	**79,255,478**	1,683,530
More than 2 years	**295,188,413**	276,370,598
	374,443,891	278,054,128

Collaterals held against term financing and lease rentals receivables

	2012				
		Collaterals			
	Gross exposure	Mortgage	Hypothecation	Liquid-collaterals	Net exposure
	Rupees				
Long term finances	93,125,239	183,732,000	214,000	37,500,000	(128,320,761)
Short term finances	258,579,111	219,130,000	-	139,820,000	-
Lease rental receivables	2,134,154,549	3,286,255,786	-	-	-

The bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The bank has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The bank also uses other publicly available financial information and its own trading records to rate its customers. The bank's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits bank's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the balance sheet date:

Banks	Rating: Long term	Rating: Agency	2012 (Rupees)	2011 (Rupees)
Summit Bank Limited	A	JCR	12,558	12,871
The Bank of Punjab	AA-	PACRA	69	250
Habib Bank Limited	AA+	JCR	333,906	954,073
Habib Metropolitan Bank	AA+	PACRA	45,463	1,577,417
MCB Bank Limited	AA+	PACRA	621,853	2,680,604
NIB Bank Limited	AA-	PACRA	3,222,122	9,825,786
Standard Chartered Bank	AAA	PACRA	5,398	5,484
State Bank of Pakistan			826	45,149
Burj Bank Limited	A	JCR	5,638,931	12,965,864
KASB Bank Limited	BBB	PACRA	12,988	890,947
JS Bank Limited	A	PACRA	1,025	-
			9,895,139	28,958,445

Sukuks / Bonds	Rating: Long term	Rating: Agency	2012 (Rupees)	2011 (Rupees)
Eden Housing Limited-Sukuk			31,406,250	36,562,500
			31,406,250	36,562,500
Term finance certificates				
Azgard Nine Limited	D	PACRA	39,968,000	39,968,000
Grays Leasing Limited			-	1,000,000
			39,968,000	40,968,000
Held for Trading				
Pervaiz Ahmed securities limited			-	1,384,288
			-	1,384,288

Due to the bank and its other related entity's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing and collaterals, the management does not expect non-performance by these counter parties on their obligations to the Bank. Accordingly, the credit risk is a moderate.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. In spite the fact that the bank is in a positive working capital position at the year end, management believes the liquidity risk to be low.

The table below analysis the bank's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equates to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
30 June 2012	Rupees				
Customers' security deposits	511,827,522	-	482,478,149	29,349,373	-
Trade and other payables	254,582,594	-	254,582,594	-	-
	766,410,116		737,060,743	29,349,373	-
30 June 2011					
Customers' security deposits	685,762,220	-	512,522,498	173,239,722	-
Trade and other payables	173,231,772	-	173,231,772	-	-
	858,993,992	-	685,754,270	173,239,722	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup / profit rates effective as at 30 June 2012. The rates of mark up have been disclosed in respective notes to the financial statements.

46.2. Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

46.3. Financial instruments by categories

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
As at 30 June 2012	(Rupees)					
Assets as per balance sheet						
Cash and bank balances	10,352,204	-	-	-	-	10,352,204
Short term placements	-	35,000,000	-	-	-	35,000,000
Short term loans and advances-net	-	258,579,111	-	-	-	258,579,111
Short term investments	-	-	-	-	-	-
Interest accrued	-	230,501,454	-	-	-	230,501,454
Other receivables	-	58,293,467	-	-	-	58,293,467
Long term investments	-	-	-	117,231,654	-	117,231,654
Lease rental receivables	-	1,632,688,325	-	-	-	1,632,688,325
Long term loans and advances	-	93,125,239	-	-	-	93,125,239
	10,352,204	2,308,187,596	-	117,231,654	-	2,435,771,454

	Financial liabilities at amortized cost
	(Rupees)
Liabilities as per balance sheet	
Customers' security deposits	511,827,522
Long term financing-subordinated loan	400,646,237
Long term financing-preference shares	306,500,000
Long term financing-others	1,124,314,777
Long term morabaha	15,500,000
Long term certificates of investment	294,076,384
Short term borrowings	1,276,149,039
Short term certificates of investment	1,718,993,706
Trade & other payables	254,582,594
	5,902,590,259

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit	Total
As at 30 June 2011	(Rupees)					
Assets as per balance sheet						
Cash and bank balances	29,107,525	-	-	-	-	29,107,525
Short term placements	-	9,966,110	-	-	-	9,966,110
Short term loans and advances-net	-	794,035,898	-	-	-	794,035,898
Short term investments	-	-	-	-	1,384,288	1,384,288
Markup accrued	-	233,621,996	-	-	-	233,621,996
Other receivables	-	60,912,841	-	-	-	60,912,841
Long term investments	-	-	-	123,387,904	-	123,387,904
Lease rental receivables	-	2,242,100,908	-	-	-	2,242,100,908
Long term loans and advances	-	652,996,894	-	-	-	652,996,894
	29,107,525	3,993,634,647	-	123,387,904	1,384,288	4,147,514,364

	Financial liabilities at amortized cost
Liabilities as per balance sheet	(Rupees)
Customers' security deposits	685,762,220
Long term financing-subordinated loan	400,646,237
Long term financing-preference shares	306,500,000
Long term financing-others	1,323,249,371
Long term morabaha	19,500,000
Long term certificates of investment	432,285,427
Short term borrowings	41,605,658
Short term certificates of investment	1,977,044,395
Trade and other payables	173,231,772
	5,359,825,080

46.4 Capital risk management

The company's objective when managing capital is to safeguard its ability to continue as a going concern and to meet the regulatory capital requirement as prescribed by the SECP. Currently, the Company is required to maintain equity of Rs. 700 million for investment finance services. For the purposes of minimum equity requirement, the equity of the Company includes paid up share capital, reserves, accumulated profits / losses, surplus on revaluation of fixed assets, subordinated loans and redeemable preference shares.

Further, in accordance with the requirements of NBFC regulations, the minimum equity requirement for NBFCs has been raised to Rs. 1,000 million, to be achieved in a phased manner by 30 June 2013. The Company expects that it would be able to meet such enhanced requirement through profitable operations in future.

47. CASH AND EQUIVALENTS

	2012 Rupees	2011 Rupees
Cash and bank balances	**10,352,204**	29,107,525
Short term running finance	**(39,947,964)**	(41,605,658)
	(29,595,760)	(12,498,133)

48. 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:

	2012 Rupees	2011 Rupees
Mr. Asif Kamal		
Share capital as on June 30	**71,065,510**	71,065,510
Mr.Zahid Rafiq		
Share capital as on June 30	**57,024,050**	57,024,050
Genesis Securities (Pvt) Limited.		
Share capital as on June 30	**122,097,420**	122,097,420
Associated undertakings:		
Tricon Developers Limited		
Amount due against leases	**1,221,876**	1,765,950
Finance income charged during the period	**145,518**	386,389
Deposit against lease arrangements	**279,500**	501,350
Long term financing - subordinated loan as on June 30	**400,646,237**	400,646,237
Polygon Builders		
Finance income charged during the period	**-**	151,011
Polygon Developers		
Amount due against term finances as on June 30	**-**	22,000,000
Finance income charged during the period	**3,139,509**	19,414,210
Habib Rafiq (Pvt) Limited		
Letter of Guarantees issued during the year	**164,680,696**	446,822,848
Letter of Guarantees outstanding as at June 30	**373,308,256**	355,964,848
Income charged during the year	**5,144,042**	2,795,157
Maple Leaf Cement Factory Limited		
Letter of Guarantees issued during the year	**-**	73,290,620
Letter of Guarantees outstanding as at June 30	**40,000,000**	40,000,000
Income charged during the year	**471,929**	412,754
The Bank of Khyber		
Amount outstanding against borrowing as at June 30	**27,777,780**	32,986,113
Markup charged during period	**3,708,773**	5,577,916
Others		
Employees' retirement fund		
Contribution made	**10,031,240**	5,546,550
Subsidiary Company		
Trust Capital (Private) Limited		
Loan (Recovered) / paid during the period	**-**	458,295,097
Outstanding loans and advances as at June 30	**-**	8,385,162

49. SEGMENT ANALYSIS

Trust investment bank activities are broadly categorized into two primary business segments namely financing activities and investing activities.

Financing activities

Financing activities include providing long-term and short term financing facilities to corporate and individual customers including lease financing.

Investment activities

Investment activities include money market activities, investment in government securities and capital market activities.

	2012		
	Financing activities	**Investment activities**	Total
	Rupees		
Income from lease operations	118,417,973	-	118,417,973
Income from investments	-	20,501,285	20,501,285
Income from finances / loans	102,019,951	-	102,019,951
Total income for reportable segments	220,437,924	20,501,285	240,939,209
Finance cost	493,114,052	53,640,559	546,754,611
Administrative and operating expenses	124,631,006	13,042,577	137,673,583
Lease receivables written off	39,516,924	-	39,516,924
Provision for potential lease losses and term finances	530,753,381	-	530,753,381
Impairment on available for sale investment	-	-	-
Other income	(1,328,064)	(10,265,963)	(11,594,027)
Segment result	**(966,249,375)**	**(35,915,888)**	**(1,002,165,263)**
Loss before taxation			**(1,002,165,263)**

	2012		
	Financing activities	**Investment activities**	Total
	Rupees		
Segment assets	2,849,543,394	218,749,331	3,068,292,725
Unallocated assets			800,502,548
			3,868,795,273
Segment liabilities	1,564,908,978	2,013,070,090	3,577,979,068
Unallocated liabilities			1,232,411,936
			4,810,391,004

	2011		
	Financing activities	**Investment activities**	Total
	Rupees		
Income from lease operations	290,013,467	-	290,013,467
Income from investments	-	28,784,954	28,784,954
Income from finances / loans	323,528,471	-	323,528,471
Total income for reportable segments	613,541,938	28,784,954	642,326,892
Finance cost	555,254,227	31,942,022	587,196,249
Administrative and operating expenses	142,274,501	7,924,437	150,198,938
Lease receivables written off	16,509,127	-	16,509,127
Provision for potential lease losses and term finances	(217,664,870)	-	(217,664,870)
Impairment on available for sale investment	-	(45,857,404)	(45,857,404)
Other income	(3,176,405)	(28,215,919)	(31,392,324)
Segment result	**120,345,358**	**62,991,818**	**183,337,176**
Profit before taxation			**183,337,176**

	2011		
	Financing activities	**Investment activities**	Total
	Rupees		
Segment assets	4,222,511,724	192,022,313	4,414,534,037
Unallocated assets			966,102,390
			5,380,636,427
Segment liabilities	3,000,044,647	894,357,287	3,894,401,934
Unallocated liabilities			1,386,081,678
			5,280,483,612

50. UNADJUSTING POST BALANCE SHEET EVENTS

The bank has by way of a special resolution passed at the extra ordinary general meeting under section 208 of the Companies Ordinance, 1984 held on September 05, 2010 decided to acquire such number of ordinary shares of Tricon Developers Limited from Mr. Asif Kamal, being investment / placement available for issuance of shares of Trust Bank.
The purpose of the transaction is to make Tricon Developers Limited subsidiary company of the bank.
This transaction shall strengthen the equity of the bank and as a result the bank shall become equity compliant and it may increase dividend earnings and capital appreciation since it is expected that shares in the investee company will generate reasonable profits in future.
SECP vide its letter dated October 17, 2012 has sanctioned approval for this transaction.

51. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 08 November 2012 by the Board of Directors.

52. GENERAL

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

52.2. Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison.

Account Head	Previous classification	Current classification	Rupees
Commission income on bill discounting	Other Operating Income	Income from term finances- M.up on short term finances -customers	9,455,518
Long Term loans and advances	Long Term loans and advances-Secured Considered doubtful	Long term loans and advances-Unsecured Considered doubtful	4,500,000
Long Term loans and advances	Long Term loans and advances-UnSecured Considered good	Long term loans and advances-Unsecured Considered doubtful	365,846,298
Long Term Placement	Long Term Financing- Others	Long term Certificate of Investment-Unsecured	156,129154
Placements-Unsecured	Short term Borrowings	Short term Certificate of Investment	1,234,543,381
Mark-up Accrued- Unsecured-Short and long term placements	Mark-up Accrued Unsecured-Short and long term placements	Mark-up Accrued Certificate of Investment	25,527,990
Mark-up on short term placements	Finance cost -Mark-up on short term borrowings	Finance Cost- Mark-up on Certificate of Investment	117,807,683

52.3. Nomenclature of following accounts has been changed during the period.

Previous nomenclature	**Revised nomenclature**
Short term advances - Advance against leases	Short term advances - Advance to parties

CHIEF EXECUTIVE **DIRECTOR**

Consolidated Financial Statement

Trust Investment Bank Limited

(For Year Ended June 30, 2012)

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of **TRUST INVESTMENT BANK LIMITED** ("the company") and its subsidiary as at JUNE 30, 2012 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate adverse opinion on the financial statements of the TRUST INVESTMENT BANK LIMITED. The financial statements of the subsidiary company, Trust Capital (Private) Limited, however, was audited by another firm of chartered accountants, whose unmodified report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the audited accounts of such auditors.

These financial statements are the responsibility of the Holding company's management. Our responsibility is to express our opinion on the financial statements based on our audit.

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

a) the Company has incurred a net loss of Rs. 1,020.374 million during the year ended June 30, 2012 and as at that date, accumulated losses comes to Rs. 2,154.602 millions, negative equity of Rs.560.896 millions which results in short fall of minimum equity requirement of NBFCs of Rs. 1,260.896 millions, its total liabilities exceeds 10 times of equity (violation of NBFC & notified entities regulation, 2008) and company's current liabilities exceeded its current assets by Rs. 1,730.745 millions, further the Securities & Exchange Commission of Pakistan has not yet renewed company's license to operate Investment finance services (IFS) and also suspended the permission for raising deposits in any form and PACRA has downgraded the entity and TFC rating to "D". These factors indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect;

b) The carrying amount of deferred tax assets amounting to Rs. 515.932 millions should have been reversed in these financial statements in the presence of adverse financial ratios as mentioned above in paragraph (a). Had this reversal been made non-current assets would have been decreased by Rs. 515.932 millions and net loss for the year would have been increased by the same amount.

c) in our opinion because of the matters as mentioned in paragraph (a) & (b) above the consolidated financial statements do not present fairly, the financial position of TRUST INVESTMENT BANK LIMITED and its Subsidiary company as at June 30, 2012 and the results of their operations, their cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Notwithstanding our adverse opinion, we draw attention to:

I. **Note # 19.3,** Preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance 1984, and the matter of its classification will be dealt with in accordance with the clarification sought by the Institute of Chartered Accountants of Pakistan from the Securities and Exchange Commission of Pakistan.

II. **Note # 51.2,** the comparative consolidated figures for the year ended June 30, 2011 remained unaudited because of the reasons mentioned in the said note.

ZAHID JAMIL & CO.
CHARTERED ACCOUNTANTS
(Engagement Partner: Muhammad Amin)

LAHORE:
Date: NOVEMBER 08, 2012

Consolidated Balance Sheet

As at June 30, 2012

ASSETS	Note	2012 Rupees	2011 Rupees
Non-current assets			
Fixed assets	6	**450,341,786**	264,732,042
Long term investments	7	**55,905,500**	64,335,550
Long term loans and advances	8	**22,112,927**	568,992,587
Net investment in lease finance	9	**128,930,920**	153,696,782
Long term deposits		**5,973,758**	2,360,850
Deferred tax asset	10	**515,931,678**	515,931,678
Total non-current assets		**1,179,196,569**	1,570,049,489
Current assets			
Current maturities of non - current assets	11	**1,558,759,405**	2,177,218,221
Short term loans and advances	12	**258,579,111**	794,303,308
Short term placements	13	**35,000,000**	9,966,110
Short term investments	14	**126,500**	1,510,788
Short term prepayments		**34,481,398**	5,268,066
Interest accrued	15	**230,501,454**	233,621,996
Taxation - net		**3,200,360**	2,385,522
Other receivables	16	**58,293,467**	60,912,841
Cash and bank balances	17	**10,472,443**	29,297,645
		2,189,414,138	3,314,484,497
Assets classified as held for sale	18	**476,368,866**	476,368,866
Total current assets		**2,665,783,004**	3,790,853,363
TOTAL ASSETS		**3,844,979,573**	5,360,902,852
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	**892,028,729**	892,028,729
Reserves	20	**(1,853,571,346)**	(795,642,976)
		(961,542,617)	96,385,753
Surplus on revaluation of fixed assets-net	21	**19,373,770**	27,676,131
Non-current liabilities			
Long term financing-subordinated loan	22	**400,646,237**	400,646,237
Long term financing-others	23	**238,592,608**	718,007,453
Long term morabaha	24	**-**	7,500,000
Long term certificates of investment-unsecured	25	**31,212,647**	252,462,487
Deferred liabilities	26	**2,935,254**	9,214,309
Long term deposits	27	**193,602,225**	260,411,691
Total non-current liabilities		**866,988,971**	1,648,242,177
Current liabilities			
Short term borrowings	28	**39,947,964**	41,605,658
Short term certificates of investment	29	**1,708,993,706**	1,977,044,395
Current maturities of long term liabilities	30	**1,637,192,805**	1,293,968,606
Mark-up accrued	31	**260,932,345**	101,926,773
Trade and other payables	32	**273,092,629**	174,053,359
Total current liabilities		**3,920,159,449**	3,588,598,791
		4,787,148,420	5,236,840,968
CONTINGENCIES AND COMMITMENTS	33	**-**	-
		3,844,979,573	5,360,902,852

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Consolidated Profit and Loss Account

For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
Income from lease operations	34	**118,417,973**	290,013,467
Income from investments	35	**20,501,285**	26,635,408
Income from term finances	36	**102,019,951**	243,042,015
Income from brokerage		**426,553**	544,296
		241,365,762	560,235,186
Finance cost	37	**549,769,089**	585,773,750
		(308,403,327)	(25,538,564)
Administrative and operating expenses	38	**151,265,482**	155,027,673
		(459,668,809)	(180,566,237)
Other operating income	39	**11,594,027**	33,773,997
		(448,074,782)	(146,792,240)
Other operating expenses	40	**39,516,924**	16,509,127
Operating loss before provisions and taxation		**(487,591,706)**	(163,301,367)
Provision / (Reversal of Provision) against lease and term loan	41	**530,753,381**	(217,664,870)
(Loss) / Profit before taxation		**(1,018,345,087)**	54,363,503
Provision for taxation	42	**2,028,795**	17,113,017
(Loss) / Profit after taxation		**(1,020,373,882)**	37,250,486
(Loss) / Earnings per share - basic/ diluted	43	**(17.43)**	0.64

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Consolidated Cash Flow Statement
For the year ended June 30, 2012

	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	**(1,018,345,087)**	54,363,503
Adjustments for non cash / non operating items:		
Depreciation and amortization	**7,335,588**	9,194,639
Amortization of initial transaction cost over term finance certificates	**1,880,928**	3,259,833
Provision for staff service cost	**7,788,668**	7,077,019
Provision for potential lease and term loan losses	**530,753,381**	(217,831,537)
Lease receivables written off	**39,516,924**	16,143,744
Finance cost	**547,888,161**	600,575,085
Gain on disposal of fixed assets	**(173,711)**	(11,105,993)
Unrealized loss on revaluation of held for trading investments	**-**	817,114
Gain on disposal of available for sale investments	**(1,671,304)**	(6,820,897)
	1,133,318,635	401,309,007
Operating profit before working capital changes	**114,973,548**	455,672,510
Changes in operating assets and liabilities:		
(Increase) / decrease in:		
Long term loans and advances	**189,281,211**	(267,733,247)
Net investment in lease finance	**454,971,551**	475,608,004
Short term loans and advances	**535,724,197**	(193,179,248)
Short term placements	**(28,022,877)**	7,107,549
Short term investments	**3,872,706**	378,553,284
Short term prepayments	**(29,213,332)**	12,942,564
Interest accrued	**3,120,542**	(87,393,367)
Other receivables	**(114,207,497)**	(32,081,606)
	1,015,526,501	293,823,933
Decrease in certificates of investment	**(406,259,732)**	(96,756,407)
Increase in trade and other payables	**53,183,870**	49,618,100
	662,450,639	246,685,626
Cash generated from operations	**777,424,187**	702,358,136
Finance cost paid	**(388,882,589)**	(675,709,228)
Taxes paid	**(2,843,633)**	(6,818,509)
Staff service cost paid	**(14,067,723)**	(5,952,800)
	(405,793,945)	(688,480,537)
Net cash generated from operating activities	**371,630,242**	13,877,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(245,923,768)**	(19,210,257)
Long term investments	**6,156,250**	29,015,096
Long term deposits	**(3,612,908)**	(129,931)
Proceeds from disposal of operating fixed assets	**53,152,147**	283,666,200
Net cash (used in) / generated from investing activities	**(190,228,279)**	293,341,108

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		**(56,549,502)**	(151,719,835)
Long term morabaha		**(4,000,000)**	(12,000,000)
Term finance certificates		**(138,018,520)**	(187,440,000)
Dividend paid		**(1,449)**	(10,609)
Net cash used in financing activities		**(198,569,471)**	(351,170,444)
Net decrease in cash and cash equivalents		**(17,167,508)**	(43,951,737)
Cash and cash equivalents at the beginning of the year		**(12,308,013)**	31,643,724
Cash and cash equivalents at the end of the year	46	**(29,475,521)**	(12,308,013)

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2012

	2012 Rupees	2011 Rupees
(Loss) / Profit after taxation for the year	**(1,020,373,882)**	37,250,486
Other comprehensive income	-	-
Transferred from surplus on revaluation of fixed assets to un-appropriated profit- net of tax	**8,302,361**	866,472
Total comprehensive (loss) / income for the year	**(1,012,071,521)**	38,116,958

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Consolidated Statement of Changes in Equity
For the year ended June 30, 2012

			CAPITAL RESERVES	REVENUE RESERVES			
	Ordinary Shares	Preference shares	Statutory reserve	General reserve	Accumulated losses	Sub Total	Total
	Rupees						
Balance as at 01 July 2010	**585,528,729**	**306,500,000**	**206,758,319**	**61,000,000**	**(1,059,003,682)**	**(791,245,363)**	**100,783,366**
Transferred to statutory reserve created at the rate of 20% of profit for the year after taxation	-	-	33,272,588	-	(33,272,588)	-	-
Total comprehensive income for the year	-	-	-	-	38,116,958	38,116,958	38,116,958
Dividend on preference shares @ Kibor+100 BPS for the year ended 30 June 2011	-	-	-	-	(42,514,571)	(42,514,571)	(42,514,571)
Balance as at 30 June 2011	**585,528,729**	**306,500,000**	**240,030,907**	**61,000,000**	**(1,096,673,883)**	**(795,642,976)**	**96,385,753**
Transferred to statutory reserve created at the rate of 20% of profit for the year after taxation	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(1,012,071,521)	(1,012,071,521)	(1,012,071,521)
Dividend on preference shares @ Kibor+100 BPS for the year ended 30 June 2012	-	-	-	-	(45,856,849)	(45,856,849)	(45,856,849)
Balance as at 30 June 2012	**585,528,729**	**306,500,000**	**240,030,907**	**61,000,000**	**(2,154,602,253)**	**(1,853,571,346)**	**(961,542,617)**

The annexed notes from 1 to 51 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

Notes to the Consolidated Financial Statements
For the year ended June 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

Trust Investment Bank Limited and its subsidiary company ("the Group") comprises of holding company Trust Investment Bank Limited ("TIBL") and a wholly owned subsidiary company Trust Capital (Private) Limited ("TCPL).

1.1. Parent Company

1.1.1 Trust 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 6th Floor, M M Tower, 28 - A / K, Gulberg II, Lahore. The Company is mainly engaged in the business of investment finance services. It is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP).

1.1.2 The financial statements for the year ended June 30, 2012 reflect loss after taxation of Rs.1,020.374 million and as of the said date, the accumulated losses of the company amounts to Rs. 2,154.602 million resulting in shortfall of the minimum regulatory requirement of the equity. Further, the company's license to operate investment finance services is pending for renewal by the SECP as of the balance sheet date. These conditions indicate the existence of a material uncertainty regarding the future operations of the company.

However, in order to improve the equity of the company, subsequent to the year as stated in note # 50, the Shareholders of the Bank has approved the acquisition of such number of ordinary shares of Tricon Developers Limited from Mr. Asif Kamal, which are required to comply with Minimum Equity Requirement (MER) as per NBFC Rules & Regulations. The shares acquired through aforesaid transaction shall be treated as a subordinated loan which shall be available for issuance of shares of Trust Bank. SECP has sanctioned its approval for this transaction. This transaction shall strengthen the equity of the bank and as a result the bank shall become equity compliant and it may increase dividend earnings and capital appreciation since it is expected that shares in the investee company will generate reasonable profits in future. Also during the year the company has successfully negotiated settlement with major deposit holders against the properties owned by it and negotiations with other depositors and financial institutions are in process. This will result in future interest cost savings to the company. Also with the support of recovery agents, the company is pursuing its customers / borrowers very aggressively. These measures are expected to contribute towards improvement in the financial condition of the company.

Based on the above and the financial projections as prepared by the company for future periods the management is confident that the company shall continue and further improve its business growth during the coming years resulting in improvement of its profitability.

1.2 Subsidiary Company

1.2.1 Trust Capital (Private) Limited was incorporated as a private limited company on 20 June 2008 under the Companies Ordinance, 1984. TCPL is engaged in the business of stock brokerage, portfolio management and trading in listed securities on all the three Stock Exchanges of Pakistan. The registered office of TCPL is located at 202 Shah Jamal, Lahore. TCPL is a member of the Lahore Stock Exchange (Guarantee) Limited.

2. STATEMENT OF COMPLIANCE

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

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated 13 August 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS)7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies as are engaged in investment finance services, discounting services and housing finance services.

2.2. Standards, interpretations and amendments to published approved accounting standards that are effective during the year

IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments resulting from improvement to IFRSs

IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional exemption for entities ceasing to suffer from severe hyperinflation

IFRS 1 First-time Adoption of International Financial Reporting Standards - Replacement of fixed date for certain exemptions with a date of transition to IFRSs

IFRS 7 Financial Instruments: Disclosures - Amendments resulting from improvement to IFRSs

IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosure about transfer of financial assets

IAS 1 Presentation of Financial Statements - Amendment resulting from improvement to IFRSs

IAS 12 Income taxes - Recovery of underlying assets

IAS 24 Related Party Disclosures - Revised definition of related parties

IAS 34 Interim Financial Reporting - Amendments resulting from improvement to IFRSs

IFRIC 13 Customer Loyalty Programmes - Amendments resulting from improvement to IFRSs

IFRIC 14 IAS 19 - The Limits on a Defined Benefit Asset, Minimum Funding requirements and their Interaction (Amendments)

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

2.3. Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation		Effective date (accounting periods Beginning on or after)
IFRS 7	Offsetting Financial Assets and Financial Liabilities (Ammendments to IFRS 7)	January 1, 2013
IFRS 9	Financial Instruments - Classification and Measurement	July 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 1	Presentation of Financial Statements - Amendment to revise the way other comprehensive income is presented	July 1, 2012
IAS 19	Employee Benefits - Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	January 1, 2013
IAS 28	Investments in Associates - Reissued as IAS 28 Investment in Associates and Joint Ventures (as amended in 2011)	January 1, 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities (Ammendments to IAS 32)	January 1, 2014
IFRIC 20	Stripping cost in the production phase of a surface mining	January 1, 2013

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

4. BASIS OF MEASUREMENT

4.1. Accounting convention

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments and property at fair value and recognition of certain employee retirement benefits at present value.

4.2. Significant estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
– Taxation	5.1
– Residual value and useful life of depreciable assets	5.2
– Provisions	5.6
– Staff retirement benefits (Gratuity)	5.15
– Impairment	5.21

5. SIGNIFICANT ACCOUNTING POLICIES

5.1. 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.

5.2. Property and equipment

These are stated at historical cost/revalued amount less accumulated depreciation and impairment losses, if any.

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.

Full month's depreciation is charged on the additions during the month in which asset is available for use, while no depreciation is charged in the month in which the asset is disposed off.

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.

5.3. Intangible assets

These are 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.

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight-line method over a period of 10 years.

Full month's amortization is charged on the additions during the month in which asset is available for use, while no depreciation is charged in the month in which the asset is disposed off.

5.4. Non current assets - held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probably and the asset is available for immediate sale in present conditions. Management must be comitted to the sale, which should be expected to qualify for recognition as completes sale within one year from the date of classification.

Property and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

5.5. Financial instruments

Financial assets:
Significant financial assets include long term investments, long term loans and advances, net investment in lease finance, long term deposits, short term loans and advances, short term placements, short term investment, other receivables 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 certain 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 certificates of investment, preference shares, long term loans and borrowings, deposits against lease arrangements, short term borrowings, 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.

5.6. 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. Provision has been made after taking the benefits of collaterals as per NBFC Regulations, 2008.

5.7. Investments

The Company classifies its investments other than in subsidiary as held to maturity, available for sale and held for trading.

Initial measurement:
All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement:
Investment in subsidiary:
Investment in subsidiary company is measured at cost as per the requirements of IAS-27 “Consolidated and Separate Financial Statements”. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense currently.

The Company is required to issue consolidated financial statements alongwith its separate financial statements, in accordance with the requirements of IAS 27 "Consolidated and Separate Financial Statements". Investment in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

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.

Held for trading:
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 held for trading. These are stated at fair values with any resulting surplus/(deficit) recognized in the profit and loss account.

Available-for-sale:
Investments which can not be classified as held to maturity investments or held for trading investments are classified as available for sale investments.

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

Available-for-sale investments are measured at subsequent reporting dates at fair value for those shares which have fair values. However, all such shares 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 below 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.

However, as allowed by the BSD circular no. 10 dated 13 July 2004, the Company will be free to determine the extent of holding under the above categories taking into consideration various aspects such as trading strategies, intention of acquisition of securities, capital position, expertise available to manage investment portfolio, and the risk management capabilities. Under exceptional circumstances, shifting from one category to another category may be made subject to the following conditions:

- Shifting of investments to/from held to maturity category is allowed once a year only with the approval of the Board of Directors within two months of the commencement of accounting year. Any further shifting to/from this category is not allowed during the remaining part of that accounting year.
- Shifting to/from available for sale category is allowed with the approval of the Assets and Liabilities Committee (ALCO) subject to the condition that the reasons for such shifting will be recorded in writing.
- Shifting from held for trading category to available for sale or held to maturity categories is generally not allowed. It is permitted under exceptional circumstances like not being able to sell the securities within the prescribed period of 90 days due to tight liquidity position in market or extreme market volatility with the approval of ALCO. The justification for such exceptional shifting of securities is recorded in the minutes of ALCO meeting. Shifting of securities from one category to another is at the lower of the market value or the acquisition cost/book value, and the diminution in value, if any, on such transfer is fully provided for.

The measurement of surplus/(deficit) is done on portfolio basis for each of the above three categories separately.

5.8. Trade and settlement date accounting

All "regular way" purchases and sales of listed shares 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.

5.9. 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 short term borrowing. The difference between sale and repurchase price is treated as markup on short term borrowing and accrued over the tenure 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.

5.10. 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.

5.11. 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.

5.12. Assets acquired in satisfaction of claims

The company acquires certain vehicles and assets in settlement of non-performing loans / leases. These are stated at lower of the original cost of the related asset, exposure to Trust Investment Bank Limited and the net realizable value. The net gains or losses on disposal of these assets are taken to the profit and loss account.

5.13. 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 sale of investments are recognized in the period in which they arise.

Processing fee, front end fee and penal charges:
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, held to maturity investments and reverse repo transactions:
Income from bank deposits, investments and reverse repo transactions 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.

5.14. Return on certificates of investment

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

5.15. Staff retirement benefits

Gratuity:
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 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.

Leave encashment:
The Company operates an unfunded leave encashment scheme for all of its permanent employees. Provisions are made in accordance with the actuarial valuation using 'Projected Unit Credit method'.

5.16. Provision for potential lease losses and loans

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

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

5.17. 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 and short term running finance account.

5.18. Borrowing costs

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

5.19. Transactions with related parties and transfer pricing

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

The Company enters into transactions with related parties on arms length basis. Prices for transactions with related parties are determined using admissible valuation methods, except for the assets sold to employees at written down value as approved by the board of directors.

5.20. 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 the profit and loss account.

5.21. 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.

5.22. Dividends

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

5.23. Bonus shares

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

	Note	**2012 Rupees**	2011 Rupees
6. FIXED ASSETS			
Tangible			
Property and equipment	6.1	**102,015,705**	87,254,865
Capital work in progress	6.2	**316,432,600**	145,249,000
Intangible assets	6.3	**31,893,481**	32,228,177
		450,341,786	264,732,042

6.1. Property and equipment

PARTICULARS	2012									
	COST				DEPRECIATION					Rate %
	As at 01 July 2011	Additions during the year	Deletions during the year	As at 30 June 2012	As at 01 July 2011	For the year	Deletions	As at 30 June 2012	Book value as at 30 June 2012	
	Rupees									
Owned										
Land	22,000,000	-	(22,000,000)	-	-	-	-	-	-	
Building on freehold land	39,976,050	70,000,000	(33,521,558)	76,454,492	5,563,317	1,459,224	(5,319,835)	1,702,706	74,751,786	5
Leasehold improvements	27,839,895	-	-	27,839,895	16,364,681	2,295,036	-	18,659,717	9,180,178	20
Office equipment and machines	19,554,722	1,250,471	(568,433)	20,236,760	13,177,957	1,273,546	(322,919)	14,128,584	6,108,176	20
Furniture and fixtures	14,395,435	240,027	(730,740)	13,904,722	6,549,165	775,819	(355,521)	6,969,463	6,935,259	10
Air-conditioning equipment	3,481,379	-	(286,301)	3,195,078	1,326,809	207,544	(128,926)	1,405,427	1,789,651	10
Vehicles	6,186,928	3,249,670	(4,283,596)	5,153,002	3,197,615	989,723	(2,284,991)	1,902,347	3,250,655	20
	133,434,409	**74,740,168**	**(61,390,628)**	**146,783,949**	**46,179,544**	**7,000,892**	**(8,412,192)**	**44,768,244**	**102,015,705**	

PARTICULARS	2011									
	COST				DEPRECIATION					Rate %
	As at 01 July 2010	Additions during the year	Deletions during the year	As at 30 June 2011	As at 01 July 2010	For the year	Deletions	As at 30 June 2011	Book value as at 30 June 2011	
	Rupees									
Owned										
Land	22,000,000	-	-	22,000,000	-	-	-	-	22,000,000	
Building on freehold land	26,790,450	13,185,600	-	39,976,050	3,983,449	1,579,868	-	5,563,317	34,412,733	5
Leasehold improvements	27,985,270	342,125	(487,500)	27,839,895	13,721,910	2,864,854	(222,083)	16,364,681	11,475,214	20
Office equipment and machines	23,316,234	184,572	(3,946,084)	19,554,722	13,823,855	1,902,656	(2,548,554)	13,177,957	6,376,765	20
Furniture and fixtures	17,110,594	3,800	(2,718,959)	14,395,435	7,074,618	935,990	(1,461,443)	6,549,165	7,846,270	10
Air-conditioning equipment	4,676,536	-	(1,195,157)	3,481,379	1,459,299	305,496	(437,986)	1,326,809	2,154,570	10
Vehicles	25,145,770	475,000	(19,433,842)	6,186,928	12,908,772	1,271,080	(10,982,237)	3,197,615	2,989,313	20
	147,024,854	**14,191,097**	**(27,781,542)**	**133,434,409**	**52,971,903**	**8,859,944**	**(15,652,303)**	**46,179,544**	**87,254,865**	

6.2. Capital work in progress

	2012 Rupees	2011 Rupees
Opening Balance	**145,249,000**	240,900,000
Additions	**171,183,600**	38,000,000
Disposal		
Cost	**-**	(89,537,500)
Revaluation Surplus	**-**	(31,312,500)
	-	(120,850,000)
Revaluation (deficit)	**-**	(12,801,000)
Closing balance	**316,432,600**	145,249,000

Capital work in progress has been revalued by M/S Ali and Ali Engineers and Valuers (an independent professional valuer) in the 2011 . It has resulted into reversal of revaluation surplus by Rs. 12.801 million . Had there been no revaluation the carrying amount of capital work in progress would have been Rs. 297.921 million (2011: Rs. 126.737 million).

6.3. Intangible Assets

PARTICULARS	2012							
	COST			AMORTIZATION				
	As at 01 July 2011	Additions/ (Deletions) during the year	As at 30 June 2012	As at 01 July 2011	For the year	Deletions	As at 30 June 2012	Book value as at 30 June 2011
	---------- Rupees ----------							
Membership card	36,000,000	-	36,000,000	6,000,000		-	6,000,000	**30,000,000**
Software Licenses	3,582,700	-	3,582,700	1,354,523	334,696	-	1,689,219	**1,893,481**
	39,582,700	**-**	**39,582,700**	**7,354,523**	**334,696**	**-**	**7,689,219**	**31,893,481**

PARTICULARS	2011							
	COST			AMORTIZATION				
	As at 01 July 2010	Additions/ (Deletions) during the year	As at 30 June 2011	As at 01 July 2010	For the year	Deletions	As at 30 June 2011	Book value as at 30 June 2011
	---------- Rupees ----------							
Membership card	36,000,000	-	36,000,000	6,000,000	-	-	6,000,000	30,000,000
Software Licenses	3,582,700	-	3,582,700	1,019,828	334,695	-	1,354,523	2,228,177
	39,582,700	**-**	**39,582,700**	**7,019,828**	**334,695**	**-**	**7,354,523**	**32,228,177**

6.4. Following assets were disposed off during the year

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	2012					
	Rupees					
Assets with book value exceeding Rs. 50,000						
Land						
Land at Gujrat	22,000,000	22,000,000	17,400,000	(4,600,000)	Negotiation	Mr. Mir Anjum
Building on freehold land						
Saima Trade Towers	20,335,958	16,039,842	18,000,000	1,960,158	Settlement	Karakurram Corporative Bank Limited
Office at Karachi	13,185,600	12,161,881	15,000,000	2,838,119	Settlement	A& R Company
Vehicles						
Suzuki Cultus-LEE 4913	700,596	128,438	488,863	360,425	Company Policy	Mr.Asim Hameed- Company emplyee
Honda Civic-LEB 7018	1,757,500	820,167	820,167	-	Company Policy	Mr.Hamayun Nabi Jan- Company emplyee
Marcedes Benz-ADU 745	1,750,000	1,050,000	1,050,000	-	Company Policy	Mr.Hamayun Nabi Jan- Company emplyee
Assets with book value below Rs. 50,000	1,660,974	778,103	393,117	(384,986)	Negotiation	Various
	61,390,628	**52,978,431**	**53,152,147**	**173,716**		

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	2011					
	Rupees					
Assets with book value exceeding Rs. 50,000						
Lease hold improvements						
Wooden Stairs - Karachi Branch	350,000	190,556	25,000	(165,556)	Negotiation	Mr. Bhatti Ansar
Glass Partition - Karachi Branch	137,500	74,861	31,000	(43,861)	Negotiation	Mr. Bhatti Ansar
Office Equipment and machines						
Computers - Head Office	260,000	56,800	41,579	(15,221)	Negotiation	Lahore University
Air-conditioning equipment						
Diesel Generator 25KVA-Karachi	569,948	419,660	165,000	(254,660)	Negotiation	Mr. Bhatti Ansar
Vehicles						
Honda Civic, LEC-10-1214	1,712,000	1,597,867	1,625,000	27,133	Company Policy	Mr. Shahid Ali Sheikh, Company Employee
Mitsubishi Lancer 1300CC, LWR - 3198	909,500	197,058	206,911	9,853	Company Policy	Mr. Imran Hameed, Company Employee
Mitsubishi Lancer 1300CC, LWR - 3356	909,500	197,058	206,911	9,853	Company Policy	Mr. Shahid Iqbal, Company Employee
Honda City, LWR - 6135	856,380	185,549	194,826	9,277	Company Policy	Mr. Iqbal Mehdi, Company Employee
Honda City, LEB - 3343	1,016,150	298,125	426,156	128,031	Company Policy	Mr. Waqar Ahmed, Company Employee
Honda City , LEA - 8215	872,000	436,000	572,680	136,680	Company Policy	Mr. Ijaz Bashir, Company Employee
Honda City , LEA - 6072	852,500	213,125	223,781	10,656	Company Policy	Mr. Waqas Ahmed, Company Employee
Suzuki Cultus, LEH - 6926	685,715	297,143	337,857	40,714	Company Policy	Mr. Ali Abbas Sherazi, Company Employee
Suzuki Cultus, LEH - 3663	685,715	297,143	337,857	40,714	Company Policy	Mr. Muhammad Zubair, Company Employee
Suzuki Cultus, LEB - 3363	707,910	188,776	198,215	9,439	Company Policy	Mr. Muhammad Mehmood, Company Employee
Suzuki Cultus, LEA - 253	701,450	187,053	309,966	122,913	Company Policy	Mr. Awais Yasin, Company Employee
Suzuki Cultus, LWR - 8281	685,000	159,833	167,825	7,992	Company Policy	Mr. Mehmood Siddique, Company Employee
Suzuki Alto, LEA - 6172	675,000	607,500	650,000	42,500	Company Policy	Mr. Naveed Khizer, Company Employee
Coure Sunroof, LEA - 8571	704,000	633,600	603,000	(30,600)	Company Policy	Mr. Saqib Iqbal Chugtai, Company Employee
Mitsubishi Lancer, ALL - 784	899,000	179,800	188,790	8,990	Company Policy	Mr. Asim Naeem, Company Employee
Honda City, AMK - 415	846,000	239,700	317,600	77,900	Company Policy	Mr. Farhan Abbas, Company Employee
Honda City, LEB - 5799	843,200	224,853	292,309	67,456	Company Policy	Mr. Moazzam, Company Employee
Suzuki Mehran VXR, LEA - 4092	406,500	205,625	237,800	32,175	Company Policy	Mr. Shahid Iqbal, Company Employee
Mehran VXR, LEA - 4094	378,000	189,000	247,320	58,320	Company Policy	Mr. Abid Rasool, Company Employee
Cuore, SGO - 1830	494,000	82,333	86,450	4,117	Company Policy	Mr. Abdul Quddos Awan, Company Employee
Diahatsu Coure, ALL - 921	514,000	113,066	135,680	22,614	Company Policy	Mr. Shah Faisal, Company Employee
Suzuki Mehran 800 CC, LEF - 8284	421,000	168,400	380,000	211,600	Negotiation	Mr. Faisal Mahmood
Suzuki Cultus, LEB - 1933	531,000	424,800	525,000	100,200	Negotiation	Mr. Tahir Nawazish
Corolla XLI MW-713	850,000	566,667	1,000,000	433,333	Negotiation	Chaudhry Muhammad Akbar
Assets with book value below Rs. 50,000	8,308,574	3,497,288	15,700,318	12,203,030	Negotiation	Various
	27,781,542	**12,129,239**	**25,434,831**	**13,305,592**		

		Note	2012 Rupees	2011 Rupees
7.	**LONG TERM INVESTMENTS**			
	Investment in Term Finance Certificates and Bonds/Sukuks-unquoted	7.2	**141,374,250**	147,530,500
			141,374,250	147,530,500
	Less: Provision against doubtful investments	7.3	**70,000,000**	70,000,000
			71,374,250	77,530,500
	Less: Current portion of long term investments	11	**15,468,750**	13,194,950
			55,905,500	64,335,550
7.1.	**Particulars of long term investments**			
	Long term investments-considered good		**71,374,250**	77,530,500
	Long term investments-considered doubtful		**70,000,000**	70,000,000
			141,374,250	147,530,500
	Less: Provision against doubtful investments	7.4	**70,000,000**	70,000,000
			71,374,250	77,530,500
7.2.	**Investment in Term Finance Certificates and Bonds/Sukuks-unquoted Held to maturity**			
	Term finance certificates			
	Dewan Cement Limited	7.2.1	**50,000,000**	50,000,000
	Azgard Nine Limited	7.2.2	**39,968,000**	39,968,000
	Grays Leasing Limited	7.2.3	**-**	1,000,000
	Bonds/ Sukuks			
	New Allied Electronic Industries (Pvt) Limited-Sukuk	7.2.4	**20,000,000**	20,000,000
	Eden Housing Limited-Sukuk	7.2.5	**31,406,250**	36,562,500
			141,374,250	147,530,500

7.2.1. This represents the investment made by the Company in term finance certificates issued for a period of 6 years, duly secured against ranking charge over fixed asset of the investee with a margin of 25% which was subsequently converted into first pari-passu charge over all fixed asset, carries mark-up at the rate of 6 month KIBOR +200 Bps and redeemable in 9 equal semi-annual installments of Rs.5, 555,556/-, started from 17 January 2010. The credit rating assigned to such issue, by the Pakistan Credit Rating Agency (PACRA), is "D" and the total amount of issue is Rs. 5 billion.

7.2.2. The Company has purchased term finance certificates of Rs 40 million, out of total issue of Rs 2.5 billion, carrying mark-up rate @ 6 Months KIBOR +225 BPS upto June 04, 2010, 6 months KIBOR + 100 BPS upto December 2011, 6 Months KIBOR + 125 BPS upto December 2015 and 6 Months KIBOR + 175 BPS upto december 2017, issued for a period of 7 years. This Issue has been rescheduled and restructured on December 01, 2010 and the tenure is reset for a further period of 03 years which ended on March 04, 2017 with a further grace period 01 Year. The amount of Rs. 39.968 Million will be redeemed in two equal installments of Rs. 1,600/- during the months of July 2010 and August 2010, eight semi annual intallmenst of Rs. 2,348,000/- and Four semi annual installmenst of Rs. 5,295,200/- starting from July 2010 and matured on December 31, 2017.

A new TFC Investors agreement was signed on june 28, 2012 for the settlement of mark up payable of Rs. 13,145,000/- upto March 31, 2012 against 2,669 numbers of Zero Coupon TFC Certificates with a grace period of 1.00 year and will seperatly redeemed in three semi annual installments of Rs. 1,314,500/-, Two Semi Annual Installments of Rs. 1,971,750/- and Two semi annual inatllments of Rs. 2,629,000/- starting from March 2014 and matured on March 31, 2017.

The credit rating assigned to such issue by Pakistan Credit Rating Agency (PACRA) is “D”.

7.2.3. The investment made in these term finance certificates were fully redeemed during the current financial year.

7.2.4. This represent the investment amounting to Rs 40 million made in Sukuks issued for a period of 4 years secured against first parri pasu charge over present and future fixed assets of the investee with 25% margin. These carry mark-up @ 3 Months KIBOR +260 BPS and redeemable in 16 equal quarterly installments of Rs. 1,250,000/- starting from 25 October 2008. JCR-VIS assigned rating of "D" to said Sukuks which was subsequently withdrawn.

7.2.5. The Company has participated in sukuks issue of Rs. 3 billion by investing Rs. 50 million secured against first pari passu charge over current and future receivables of the investee upto extent of the issue.This issue has been reshduled and restructured for a further period of 1.5 years with expiry of September 29, 2013.These carry mark-up @ 3 Months KIBOR+ 250 BPS with floor 7% and Cap of 20% . These certificates are redeemable in 02 equal semi annual installments of Rs. 6,250,000/-, 04 equal quarterly installments of Rs. 937,500 starting from 29 December 2010, 04 equal quarterly installments of Rs. 2,343,750 starting from 29 December 2011, 04 equal quarterly installments of Rs. 2,812,500/- and the last 04 quarterly installments of Rs. 3,281,250/-. The credit rating assigned to such sukus “D” by the JCR-VIS.

	Note	**2012 Rupees**	2011 Rupees
7.3. Provision against doubtful investments			
Opening balance		**70,000,000**	70,000,000
(Reversal) / charge during the year		**-**	-
Closing balance	7.3.1	**70,000,000**	70,000,000

7.3.1. Particulars of provisioning

	2012	2011
Dewan Cement Limited-TFCs	**50,000,000**	50,000,000
New Allied Electronic Industries (Pvt) Limited-sukuks	**20,000,000**	20,000,000
	70,000,000	70,000,000

		Note	2012 Rupees	2011 Rupees
8.	**LONG TERM LOANS AND ADVANCES**			
	Secured:			
	Employees - considered good	8.1	**3,678,952**	15,217,116
	Companies, organizations and individuals			
	Considered good	8.2	**51,923,030**	256,473,886
	Considered doubtful		**7,047,805**	7,732,597
			58,970,835	264,206,483
			62,649,787	279,423,599
	Un-secured:			
	Companies, organizations and individuals - Considered doubtful	8.3	**397,838,899**	370,346,298
			460,488,686	649,769,897
	Less: provision against doubtful loans	8.4	**398,842,509**	5,158,165
			61,646,177	644,611,732
	Less : current maturity	11	**39,533,250**	75,619,145
			22,112,927	568,992,587

8.1. These represent long term loans provided to employees against mortgage of property and carry mark-up ranging from 4% to 12.50% (2011: 4% to 18.64%) per annum. The maximum aggregate balance due from the Chief Executive Officer is Rs. Nil (2011: Nil) and the maximum aggregate balance due from executives is Rs. 2.196 million (2011: 11.31 million).

8.2. These include long term finances provided to companies, organizations and individuals against mortgage of property, charge over assets and lien on deposits etc. These carry mark-up ranging from 16.00% to 20.62% (2011 : 16.00% to 23.19%) per annum.

8.3. It includes receivables of Trust Capital (Pvt) Limited (TCPL) amounting to Rs. 367 million, transferred in the books of Accounts of Trust Investment Bank Limited (TIBL) vide a tri-party agreement between TCPL, TIBL and other parties, approved by the Board of Directors of TIBL & TCPL, whereby various exposures of TCPL have been taken over by TIBL company and hereafter, the parties shall make payments directly to TIBL. The repayment shall be made in three quarterly installments of Rs. 0.5 million, four quarterly installments of Rs. 0.75 million, 31 quarterly installments of Rs. 11.332 million and last installment of Rs. 38.829 million receivable latest by June 30, 2020. It carries markup @ 10% per annum increasing by 2% each year upto 5 years and @ 18% from 5th year onwards.

		Note	2012 Rupees	2011 Rupees
8.4.	**Provision against doubtful loans**			
	Opening balance		**5,158,165**	245,262,737
	Charge for the year		**393,709,628**	409,845
	Reversal		**(25,284)**	(240,514,417)
	Closing balance	8.4.1	**398,842,509**	5,158,165

8.4.1. Particulars of provision against doubtful loans

Companies, organizations and individuals	**398,842,509**	5,158,165

	Note	2012 Rupees	2011 Rupees
9. NET INVESTMENT IN LEASE FINANCE			
Lease payments receivable	9.1	**1,620,342,394**	2,102,537,807
Add: Residual value		**513,812,155**	689,000,076
Gross investment in leases		**2,134,154,549**	2,791,537,883
Less: Unearned finance income		**30,076,591**	100,695,097
Income suspended	9.3	**181,890,491**	176,495,915
Provision for lease losses	9.4	**289,499,142**	272,245,963
		501,466,224	549,436,975
Net investment in lease finance		**1,632,688,325**	2,242,100,908
Less: Current portion of net investment in lease finance	11	**1,503,757,405**	2,088,404,126
		128,930,920	153,696,782

30 June 2012

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	**Rupees**	**Rupees**	**Rupees**
Gross investment	**1,706,819,184**	**427,335,365**	**-**	**2,134,154,549**
Less: Unearned finance income	**21,171,288**	**8,905,303**	**-**	**30,076,591**
	1,685,647,896	**418,430,062**	**-**	**2,104,077,958**

30 June 2011

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	**Rupees**	**Rupees**	**Rupees**
Gross investment	2,153,022,839	638,515,044	-	2,791,537,883
Less: Unearned finance income	64,618,713	36,076,384	-	100,695,097
	2,088,404,126	602,438,660	-	2,690,842,786

9.1. The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2011: 8% to 28%) per annum. Security deposit is obtained generally upto 10% to 20% of the cost of leased assets at the time of disbursement. The Company requires the lessees to insure the leased assets in the favour of the Company and to maintain the financial ratios required by NBFC's Prudential regulations. Additional lease rentals are charged on the delayed payments.

Generally leases are secured against title of leased assets but in some cases the leases are also secured against demand promissory notes of the lessees and personal guarantees of the directors and in case of individual lessees, two personal guarantees. Moreover, certain leases are additionally secured by mortgage of immovable property.

9.2. These leases pertain to previous years as the company does not have license for lease now.

		Note	2012 Rupees	2011 Rupees
9.3.	**Income suspended**			
	Balance at the beginning of the year		**176,495,915**	190,423,910
	Suspended during the year		**13,315,591**	12,414,388
	Reversal of suspension		**(7,921,015)**	(26,342,383)
	Balance at the end of the year		**181,890,491**	176,495,915
9.4.	**Provision for lease losses**			
	Balance at beginning of the year		**272,245,963**	292,511,840
	Provision during the year		**28,529,168**	25,317,861
	Provision reversed during the year		**(11,323,520)**	(45,583,738)
	Balance at the end of the year		**289,451,611**	272,245,963
10.	**DEFERRED TAX ASSETS**			
	Taxable temporary differences			
	Accelerated depreciation for tax purposes		**(9,105,030)**	(9,105,030)
	Leasing Finance		**(345,554,360)**	(345,554,360)
	Deductible temporary differences			
	Provision against investments		**787,500**	787,500
	Taxable losses		**869,803,568**	869,803,568
			515,931,678	515,931,678
10.1.	**Movement in deferred tax asset**			
	Opening balance		**515,931,678**	525,838,319
	Provision made during the year		**-**	(9,906,641)
	Closing balance		**515,931,678**	515,931,678

Deferred tax asset on tax losses representing unabsorbed tax depreciation and business losses (2006: 251,075,059, 2007: 451,049,732, 2008: 586,248,201, 2009: 624,383,172, 2010: 467,403,992, 2012: 1,035,264,319) available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company has recognized all deferred tax asset at the end of financial year in respect of tax losses, as it is projected that sufficient tax profits would be available to set these off in the foreseeable future liabilities subsequent to years 2012 through 2015.

TRUST BANK

	Note	2012 Rupees	2011 Rupees
11. CURRENT MATURITIES OF NON-CURRENT ASSETS			
Long term investments	7	**15,468,750**	13,194,950
Long term loans and advances	8	**39,533,250**	75,619,145
Net investment in lease finance	9	**1,503,757,405**	2,088,404,126
		1,558,759,405	2,177,218,221

	Note	2012 Rupees	2011 Rupees
12. SHORT TERM LOANS AND ADVANCES			
Short term loans	12.1	**231,955,017**	780,813,096
Short term advances	12.2	**26,624,094**	13,490,212
		258,579,111	794,303,308

	Note	2012 Rupees	2011 Rupees
12.1. Short term loans-secured			
Companies, organizations and individuals			
Considered good	12.1.1	**231,955,017**	780,813,096
Considered doubtful		**650,000**	650,000
		232,605,017	781,463,096
Less: provision against doubtful finances	12.1.2	**650,000**	650,000
		231,955,017	780,813,096

12.1.1. These include short term finances provided to companies, organizations and individuals against their certificates of investment and mortgage of property. These carry mark-up ranging from 14% to 23.19% (2011 : 16.73% to 24.2% %) per annum.

	2012 Rupees	2011 Rupees
12.1.2. Provision against doubtful finances		
Opening balance	**650,000**	650,000
Reversal during the year	**-**	-
Closing balance	**650,000**	650,000

	2012 Rupees	2011 Rupees
12.2. Short term advances		
Advances to parties	**17,014,481**	9,838,555
Advances to employees	**9,609,613**	3,651,657
	26,624,094	**13,490,212**

	Note	2012 Rupees	2011 Rupees
13. SHORT TERM PLACEMENTS			
Repurchase agreement lendings (Reverse Repo)-secured	13.2	**7,022,877**	14,000,000
Placement against Property	13.3	**35,000,000**	-
		42,022,877	14,000,000
Less: Provision against doubtful lending		**7,022,877**	4,033,890
		35,000,000	9,966,110

		Note	2012 Rupees	2011 Rupees
13.1.	**Particulars of short term placements**			
	Considered good		**35,000,000**	-
	Considered doubtful		**7,022,877**	14,000,000
			42,022,877	14,000,000
13.2.	**Repurchase agreement lendings (Reverse Repo)-secured**			
	Hascomb Business Solutions		**7,022,877**	14,000,000

13.2.1. These are secured against fair value of quoted securities and mortgage of property. These carry mark-up at the rate of 25% (2011: 25%). Quoted securities placed as collateral were disposed off during the current financial year.

Fair value of quoted securities held as collateral against lending on repurchase agreement (reverse repo) is as follow:

	2012 Rupees	2011 Rupees
Holders of shares		
Hascomb Business Solutions	**-**	9,966,110

These have been placed for a period upto one year

13.3. Placement against Property

This represents interest free placement of funds with First Fidelity Leasing Modarba for a period of 9 months with a maturity date March 31, 2013. The said placement would be adjusted / swapped with the transfer of rights and rewards of property on or before March 2013, at an agreed value of Rs. 35 million and in case of delay in the completion of property, the interest free placement shall be converted into mark-up bearing placement at the rate of six months KIBOR as on April 01, 2013.

14. SHORT TERM INVESTMENTS

	Note	2012 Rupees	2011 Rupees
Held for trading			
Listed shares	14.1	**144,320**	2,345,722
Less: Unrealized loss on revaluation of investments classified as held for trading		**17,820**	834,934
		126,500	1,510,788

14.1. Held for trading

	Shares		Cost		Fair value	
	2012	2011	**2012**	2011	**2012**	2011
	Numbers		---------- **Rupees** ----------			
Commercial Banks						
Silk Bank Limited	**50,000**	50,000	**144,320**	144,320	**126,500**	126,500
Other financial institutions						
Pervaiz Ahmed securities limited	**-**	961,311	**-**	2,201,402	**-**	1,384,288
	50,000	1,011,311	**144,320**	2,345,722	**126,500**	1,510,788

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

		Note	2012 Rupees	2011 Rupees
15.	**INTEREST ACCRUED**			
	Mark-up accrued on:			
	Bonds and term finance certificates	15.1	**16,633,203**	12,370,711
	Short term and long term loans	15.2	**21,880,786**	82,340,460
	Investments in lease	15.3	**191,987,465**	138,910,825
			230,501,454	233,621,996

15.1. Mark-up accrued on bonds and term finance certificates

	Note	2012 Rupees	2011 Rupees
Considered good		**16,633,203**	12,370,711
Considered doubtful		**44,568,467**	34,042,803
		61,201,670	46,413,514
Less: Suspension against doubtful receivables	15.1.1	**44,568,467**	34,042,803
		16,633,203	12,370,711

15.1.1. Suspension against doubtful receivables

	2012 Rupees	2011 Rupees
Opening balance	**34,042,803**	23,385,974
Suspended during the year	**10,525,664**	10,656,829
Reversed during the year	**-**	-
Closing balance	**44,568,467**	34,042,803

15.2. Mark-up accrued on short term and long term loans

	Note	2012 Rupees	2011 Rupees
Considered good		**21,880,786**	82,340,460
Considered doubtful		**48,670,353**	10,783,602
		70,551,139	93,124,062
Less: Suspension against doubtful finances	15.2.1	**48,670,353**	10,783,602
		21,880,786	82,340,460

15.2.1. Suspension against doubtful loans

	2012 Rupees	2011 Rupees
Opening balance	**10,783,602**	77,517,007
Suspended during the year	**54,460,662**	5,609,141
Reversed during the year	**(16,573,911)**	(72,342,546)
Closing balance	**48,670,353**	10,783,602

15.3. Mark-up accrued on investment in lease-considered good

This includes additional mark up on lease rentals amounting to Rs. 190.180 million (2011: Rs. 135.180 million) in respect of overdue rental receivables from performing lease portfolio in accordance with the terms of lease agreement.

		Note	2012 Rupees	2011 Rupees
16.	**OTHER RECEIVABLES**			
	Receivable from broker - considered good		**21,143,275**	21,144,590
	Miscellaneous receivables from lessees:	16.1		
	Considered good		**22,803,954**	1,825,388
	Considered doubtful		**317,742,732**	203,879,049
			340,546,686	205,704,437
	Other receivables			
	Considered good		**17,571,839**	38,205,276
	Considered doubtful		**3,920,248**	3,920,248
			21,492,087	42,125,524
			383,182,048	268,974,551
	Less: provisions for doubtful receivable	16.2	**324,888,581**	208,061,710
			58,293,467	60,912,841

16.1. This represents insurance and other miscellaneous charges receivable from lessees, in respect of vehicles insured by the bank against assets leased to them.

16.2. Movement of provisions for doubtful receivable

	2012 Rupees	2011 Rupees
Opening balance	**208,061,710**	167,297,721
Charge for the year	**122,338,404**	46,350,873
	330,400,114	213,648,594
Reversed during the year	**5,511,533**	5,586,884
Closing balance	**324,888,581**	208,061,710

17. CASH AND BANK BALANCES

	Note	2012 Rupees	2011 Rupees
Cash in hand		**457,065**	149,080
With banks in:			
Current accounts	17.1	**512,963**	2,779,880
Deposit accounts		**9,502,415**	26,368,685
		10,015,378	29,148,565
		10,472,443	29,297,645

17.1. Deposit accounts carry markup rate ranging from 6.5% to 10.75% per annum (2011: 6.5% to 11.25%).

18. ASSETS CLASSIFIED AS HELD FOR SALE

This represent the land having fair value amounting to Rs. 301 million received from sponsors as referred in Note 22 . and land having fair value amounting to Rs. 176 million received from Trust Capital (Pvt) limited valued by Nespak Private Limited dated 23 February 2010.

The bank by way of a special resolution passed at the Extraordinary General meeting held on August 12, 2011, has swapped / disposed off land classified as held for sale at a consideration other than cash amounting to Rs. 478 million in exchange of 47.8 million ordinary shares of an associated undertaking i.e. Tricon Developers Limited at a price of Rs. 10/- each from Mr. Asif Kamal (Chairman/director of the Company). The shares have been physically delivered by Mr. Asif Kamal and these shares have been partially offered to different financial institutions for the settlement of liabilities. The accounting entry of the swapping of land with shares will be processed once SECP approval is received. SECP approval for the transaction is awaited and the transaction will be executed thereafter.

19. SHARE CAPITAL

2012	2011		2012	2011
No. of shares	No. of shares	**Authorized**	Rupees	Rupees
80,000,000	80,000,000	Ordinary shares of Rs. 10 each	**800,000,000**	800,000,000
70,000,000	70,000,000	Preference shares of Rs. 10 each	**700,000,000**	700,000,000
150,000,000	150,000,000		**1,500,000,000**	1,500,000,000
		Issued, subscribed and paid up		
20,142,984	20,142,984	Ordinary shares of Rs. 10 each fully paid-up in cash	**201,429,840**	201,429,840
38,409,889	38,409,889	Ordinary shares of Rs. 10 each issued as bonus shares	**384,098,889**	384,098,889
30,650,000	30,650,000	Preference shares of Rs. 10 each issued	**306,500,000**	306,500,000
89,202,873	89,202,873		**892,028,729**	892,028,729

19.1. Mr. Zahid Rafiq and Genesis (Pvt) Limited, related parties of the Bank held 5,702,405 (9.74%) [2011: 5,702,405 (9.74%)] and 122,097,420 (20.85%) [2011: 122,097,420 (20.85%)] Ordinary shares of Rs. 10 each respectively, as at June 30,2012.

19.2. These are un-listed cumulative non-voting preference shares, each of Rs.10/-, issued against the adjustment of financing facilities and carry preference dividend @ 1 year KIBOR + 100 BPS which is payable in priority to ordinary shareholders. The dividend remained unpaid, shall be carried forward to future years and be paid in chronological order.

The Company may exercise the Call Option and repurchase these preference shares from investors from the commencement of 3rd anniversary, by giving 30 days notice, in accordance with following schedule:

- 3rd to 4th anniversary — upto 25%
- 4th to 5th anniversary — upto 50%
- After 5th anniversary — upto 100%

Further, these preference shares are convertible into ordinary shares of the Company at the option of investors from the 3rd anniversary till the 5th anniversary by giving thirty day notice in advance in following manner:

- 3rd to 4th anniversary — upto 25%
- 4th to 5th anniversary — upto 50%
- After 5th anniversary — upto 100%

The conversion ratio (A/B) for such issue is as follows:

A = Rupees ten (10/-) plus unpaid dividend, if any, on each preference share

B = Higher of following:

- Face value of shares

- Average discounted price of the ordinary share quoted in the daily quotation of KSE during the last twelve months prior to the conversion date

As the fair value of financial liability is equal to fair value of financial instrument and intrinsic value of financial instrument is nil so the whole amount is recognized as financial liability.

19.3. The above stated preference shares have been treated as part of equity on the following bases:

- The preference shares were issued under the provision of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with Section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The authorized capital of the Company and the issue of the preference shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on May 02, 2005.
- Return of allotment of shares was filed under Section 93(1) of the Ordinance.
- Dividend on the preference shares is appropriation of profit both under the Ordinance and the tax laws.
- The requirements of the Ordinance take precedence over the requirements of IFRSs.

However, considering the requirements of the IFRSs for classification of debt and equity instruments, which suggests that the above preference shares be classified as debt, the ICAP has sought a clarification from the SECP in respect of the presentation of preference shares in the financial statements prepared in accordance with the requirements of the Companies Ordinance, 1984. Pending the decision of the SECP in this matter, the preference shares have been reflected as equity of the Company.

	Note	**2012 Rupees**	2011 Rupees
20. RESERVES			
Capital reserves			
Statutory reserve	20.1	**240,030,907**	240,030,907
		240,030,907	240,030,907
Revenue reserves			
General reserve		**61,000,000**	61,000,000
Accumulated loss		**(2,154,602,253)**	(1,096,673,883)
		(2,093,602,253)	(1,035,673,883)
		(1,853,571,346)	(795,642,976)

20.1. Statutory reserve

Opening balance	**240,030,907**	206,758,319
Transfer from profit and loss account	**-**	33,272,588
Closing balance	**240,030,907**	240,030,907

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

21. SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2012	2011
Land	21.1.1	**-**	1,222,187
Building	21.1.2	**862,270**	7,942,444
Capital work in progress	21.1.3	**18,511,500**	18,511,500
		19,373,770	27,676,131

	Note	2012 Rupees	2011 Rupees
21.1. Opening balance		**27,676,131**	72,656,103
Deletion during the year		**(8,103,800)**	(44,113,500)
Transferred		**(198,561)**	(866,472)
Closing balance		**19,373,770**	27,676,131

21.1.1. This represents the surplus arised on revaluation of land carried by Synergisers (Private) Limited dated June 30, 2008. The revalued amount is based on the market values prevailing at the time of revaluation.

21.1.2. This represents the surplus arised on revaluation of building carried by Synergisers (Private) Limited and IMTECH (Private) Limited dated June 26, 2008 and June 30, 2008. The revalued amount is based on the market values prevailing at the time of revaluation.

21.1.3. This represents the surplus arised on revaluation of capital work in progress carried by Synergisers (Private) Limited dated December 31, 2009 and a subsequent revaluation by M/s Ali & Ali dated October 28,2010. The revalued amount is based on the market values prevailing at the time of revaluation.

22. LONG TERM FINANCING - Subordinated loan

	Note	2012 Rupees	2011 Rupees
Long term financing-subordinated loan	22.1	**400,646,237**	400,646,237

22.1. This represents the sub-ordinate loan received from an associated company, Tricon Developers Limited (TDL), in the form of cash amounting to Rs. 100 million and land having fair value amounting to Rs. 301 million, vide agreement dated 17 May 2010.

The land mentioned above provided by the sponsors shall be exchanged with 30.64 million shares of Rs.10 each, of Tricon Developers Limited as approved by the shareholders in the extra ordinary general meeting held on 12 August 2011. These shares have been provided by Mr. Asif Kamal (director / chairman of board of directors of the Company) against land. The shares have not yet been transferred in the name of the company since approval of SECP for the same is awaited.

The terms and conditions of the sub-ordinate loan, as amended vide addendum dated 29 June 2011, is that Company shall issue shares amounting to Rs. 300.64 million to Mr. Asif Kamal (director / chairman of board of directors of the Company), and shares amounting to Rs. 100 million to Tricon Developers Limited after obtaining permission from SECP for the issuance of its ordinary shares against the loan before 31 December 2011. Subsequently the deadline given in the addendum dated 29 June 2011 for obtaining permission from SECP by the TIBL for issue of shares to the Tricon Developers Limited i.e. 31 December 2011 was extended and replaced with June 30, 2012 by Second addendum dated 20 December 2011. It was further extended and replaced with June 30, 2013 by Third addendum dated 30 June 2012.

23. LONG TERM FINANCING - Other

	Note	2012 Rupees	2011 Rupees
Banking companies and other financial institutions-secured	23.1	**168,627,292**	506,230,566
Banking companies and other financial institutions-unsecured	23.2	**-**	-
Term finance certificates (TFC) - secured	23.3	**69,965,316**	211,776,887
		238,592,608	718,007,453

		Note	2012 Rupees	2011 Rupees
23.1.	**Banking companies and other financial institutions-secured**			
	The Bank of Punjab	23.1.1	**296,077,333**	146,418,748
	Allied Bank Limited	23.1.2	**70,000,005**	76,666,671
	Pak Oman Investment Company Limited	23.1.3	**5,161,297**	7,741,941
	The Bank of Khyber	23.1.4	**27,777,780**	32,986,113
	Standard Chartered Bank Limited	23.1.5	**49,329,674**	49,329,674
	Atlas Bank Limited	23.1.6	**81,640,625**	94,531,250
	First Women Bank Limited	23.1.7	**64,027,397**	67,027,397
	CDC Trustee Askari Income Fund	23.1.8	**126,250,000**	143,250,000
	PAK Brunei Investment Company	23.1.9	**2,536,941**	4,216,941
	IGI Investment Bank Limited	23.1.10	**67,500,000**	69,750,000
	The punjab Provincial Co operative Bank Limited	23.1.11	**88,058,721**	228,058,721
			878,359,773	919,977,456
	Less: Current portion shown under current liabilities	30	**709,732,481**	413,746,890
			168,627,292	506,230,566

23.1.1. This represents two facilities of an aggregate amount of Rs. 301.77 million.These facilities are secured against exclusive charge on specific leased assets. Facility of Rs. 279.752 million carries mark-up rate of 9.33% per annum. This facility is repayable in 2 quaterly installments of Rs. 2.5 million, one installment of Rs. 12 Million, Two installments of Rs. 27 million, two Installments of Rs. 40 Million, One Installment of Rs. 33.33 Million, One Installment of Rs. 30.419 Million, One Installment of Rs. 16 Million, Two Installments of Rs. 21 Million and One Installment of Rs 6.99 Million on Quaterly basis Starting from October 31, 2011 to September 301, 2014. The other facility of Rs. 21.325 Million is a non service able facility and repayable in six quarterly installments starting from June 30, 2011 to September 30,2014.

23.1.2. This represent an unsecured facility of an amount of Rs. 200 million, out of which Rs. 50 Million is converted into preference shares from May 10, 2010. This facility (200 M) carries mark up rate of 1 Month KIBOR + 200 bps upto July 2009 and 1 Month KIBOR from July 01, 2009 onward and is repayable in 36 equal monthly installments of Rs. 3,333,333 starting from June 4, 2010 and expiring on May 29, 2013.

23.1.3. This represents facility of Rs.23 million. This facility is secured against first charge on specific loan receivables with a margin of 25%. It carried mark-up rate of 3 month KIBOR + 250 bps per annum and was repayable in twelve equal monthly installments starting from 10 August 2009 and expiring on 10 July 2010. Facility has been restructured on 4 December 2009. Mark-up rate has been changed to 6 month KIBOR + 150 bps per annum and principal is repayable in immediate payment of Rs. 3,000,000 on 4 December 2009 and 31 equal monthly installments starting from 23 December 2009 and expired on 23 June 2012.

23.1.4. This represents a facility of Rs. 150 million secured against first charge on specified leased assets and related receivables amounting Rs.75 Million has been converted into preference shares and the while the balance amount of Rs. 75 Million has been converted into term Finance facility which carries mark up @ 1 month KIBOR. This facility is repayable in thirty six equal monthly installments starting from 01 January 2010 and expiring on 01 December 2012.

23.1.5. This represents a facility of Rs. 500 million for the purpose of expansion of lease portfolio. The facility is secured against lease receivables to the extent of Rs. 715 million. It carries mark-up at the rate of 3 month KIBOR + 160 bps. The facility is repayable in twelve equal quarterly installments starting from 31 May 2008 and expired on 28 February 2011.

23.1.6. This represents two facilities of Rs.100 million each. These facilities are secured against first charge on specific/ exclusive leased assets and related receivables with 25% margin. These carry mark-up @ 3 month KIBOR + 185 bps per annum with floor of 13.50%. These facilities were repayable in sixteen equal quarterly installments starting from 28 June 2008 and expiring on 28 May 2012. However, these facilities have been rescheduled on 7 January 2010. Outstanding principal of Rs. 68.75 million of Term Finance 1 is repayable in 16 equal quarterly installments starting from 1 February 2010 and expiring on 1 November 2013. While outstanding principal of Rs. 68.75 million of Term Finance 2 is repayable in 16 equal quarterly installments starting from 1 March 2010 and expiring on 1 December 2013.

23.1.7. This represents facility of Rs.88 million which has been rescheduled during the year. This facility is secured against exclusive charge on lease receivables amounting Rs. 10 million and pledge of TFC/Sukuks amounting to Rs. 50 million. It carries mark-up @ 1 month KIBOR per annum. This facility is repayable in twelve monthly installments of Rs.1 million, 12 monthly installments of Rs. 1.5 million, 11 monthly installments of Rs. 2 million and last bullet payment of Rs. 36 million starting from 31 January 2010 and expired on 31 December 2012.

23.1.8. This represents facility of Rs.194 million rescheduled during the year. This facility is secured against exclusive charge and carries mark up @ 1 month KIBOR + 200 bps per annum. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments starting from 31 January 2010 and expired on 1 February 2012.

23.1.9. This represents facility of Rs.10.1 million rescheduled during the year. This facility is secured against first charge on all moveable assets to the extent of sale price. The facility carries mark-up @ 1 month KIBOR per annum. This facility is repayable in 23 equal monthly installments of Rs.420,000 and last installment of Rs.436.941 starting from 8 May 2010 and expired on 8 Apr 2012.

23.1.10. This represents facility of Rs.80 million rescheduled during last year. This facility is secured against ranking charge on current assets equivalent to Rs.115 million with 30% margin. The facility carries mark-up rate of 1 month KIBOR per annum. This facility is repayable in six equal monthly installments of Rs.0.5 million, 12 equal monthly installments of Rs.0.75 million, 6 equal monthly installments of Rs.1 million, 12 equal monthly installments of 1.5 million, 10 equal monthly installments of Rs.1.75 million and 13 equal monthly installments of Rs. 2 million, starting from 15 March 2010 and expiring on 15 Feb 2015.

23.1.11. This represents facility of Rs.284.298 million converted from short term loans to long term loans. This facility is secured against exclusive first charge against Leased assets and related receivables. The facility carries mark-up rate of 1 month KIBOR + 200 bps per annum. This facility is repayable in twenty eight equal monthly installments of Rs.10 million and the balance amount of Rs. 4,298,472 will be paid the last installment, starting from 16 September 2010 and expiring on 15 February 2013.Loan amounting to Rs.140M has been swapped with term loan due from Vital enterprises.

	Note	**2012 Rupees**	2011 Rupees
23.2. Banking companies and other financial institutions-unsecured			
CDC Trustee KASB Liquid Fund	23.2.1	**3,500,000**	5,500,000
Dawood Money Market Fund	23.2.2	**7,842,873**	10,842,873
House Building Finance Corporation	23.2.3	**5,909,086**	10,340,905
Bank AlFalah Ltd	23.2.4	**-**	5,500,000
		17,251,959	32,183,778
Less: Current portion shown under current liabilities	30	**17,251,959**	32,183,778
		-	-

23.2.1. This represents facility of Rs.41 million rescheduled during the year. This facility is unsecured and carries mark-up @1 month KIBOR per annum. This facility is repayable in immediate payment of Rs. 5 million, two monthly installments of Rs.5 million, three monthly installments of Rs. 2.5 million, eighteen monthly installments of Rs. 1 million and last installment of Rs. 0.5 million starting from 19 January 2010 and expired on 19 December 2011.

23.2.2. This represents facility of Rs.37.8 million rescheduled during the year. This facility is unsecured and carries mark-up @1 month KIBOR per annum. This facility is repayable in twenty five monthly installments of Rs.1.5 million and last installment of Rs. 1.8 million starting from 25 January 2010 and expired on 7 January 2012.

23.2.3. This represents facility of Rs.43.5 million rescheduled during the year. This facility is unsecured and carries mark-up @ 3 month KIBOR + 200 bps per annum. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments of Rs.1.477 each starting from 15 March 2010 and expired on 15 January 2012.

23.2.4 This represents facility of Rs.56 million rescheduled during the year. This facility is unsecured and carries mark-up @ 1 month KIBOR per annum. This facility was repayable in 35 equal monthly installments of Rs.1.5 million and last installment of Rs. 3.5 million starting from 26 May 2010 and expiring on 15 December 2012. This facility is restructured on 10 May 2010 and out of remaining principal on Rs. 50 million, Rs. 25 million have been converted into preference shares and Rs. 25 million are repayable in 16 equal monthly installments of Rs. 1.5 million and last installment of Rs. 1 million starting from 22 May 2010 and expiring on 22 September 2011. This facility is fully paid off during the year.

	Note	2012 Rupees	2011 Rupees
23.3. Term finance certificates (TFC) - secured			
TFC III	23.3.1	**221,212,730**	359,231,250
Less: Unamortized portion of the initial transaction cost		**1,880,935**	3,761,863
		219,331,795	355,469,387
Less: Current maturity	30	**149,366,479**	143,692,500
		69,965,316	211,776,887

23.3.1. This represents third issue of secured, rated and listed Term Finance Certificates (TFC's) being instrument of redeemable capital issued under the Companies Ordinance, 1984. The TFC's have a tenure of five (5) years and consist of Rs. 600 million of which Rs. 450 million were offered to institutional investors for Pre-IPO placements and Rs.150 million to the general public. The TFC's are secured by way of first charge on specific leased assets and associated lease rentals receivable with a margin of 40% and are issued in set of ten (10) TFC's, each set having an aggregate face value of Rs. 5,000.

The instrument is structured to redeem 0.02% of the principal in two semi-annual installments and the remaining principal in eight semi-annual installments of 12.495% each of the issue amount respectively starting from the 18th month. Each TFC will be 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 + 185 bps per annum with no floor and no cap. The profit rate is set one day before the start of semi- annual period for which the profit is being paid.

The Company have a call option to redeem in full the outstanding amount of the TFC's which will be exercisable at any time after the expiry of two years period from the issue date. The call option will be exercisable on the redemption dates only.

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

24. LONG TERM MORABAHA

	Note	2012 Rupees	2011 Rupees
Long term morabaha	24.1	**15,500,000**	19,500,000
Less: Current portion shown under current liabilities	30	**15,500,000**	12,000,000
		-	7,500,000

24.1. This represents Bi Muajjal murabaha facility of Rs.20.5 million and profit thereon amounting to Rs. 5,008,602/- be distributed over the period of its agreement. This facility is repayable in twenty equal monthly installments of Rs.1 million and last installment of Rs.0.5 million, starting from 25 May 2011 and expired on 25 Feb 2013.

	Note	2012 Rupees	2011 Rupees
25. LONG TERM CERTIFICATE OF INVESTMENT - Unsecured			
Local currency			
- Financial institutions		**-**	133,333,333
- Corporate		**281,276,384**	285,552,094
- Individuals		**12,800,000**	13,400,000
	25.1	**294,076,384**	432,285,427
Less: Current maturity	30	**262,863,737**	179,822,940
		31,212,647	252,462,487

25.1. These represent deposits received by the Company as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates are issued for term ranging from over 1 year to 5 years and carries profit ranging from 11.5% to 22.22% (2011: 10% to 22.22%) per annum.

26. DEFERED LIABILITIES

	Note	2012 Rupees	2011 Rupees
Gratuity	26.1	**1,456,752**	6,364,234
Leave encashment	26.2	**1,478,502**	2,850,075
		2,935,254	9,214,309

Gratuity scheme is funded and pays a lump-sum gratuity to members on leaving the Company's service after completion of six months of continuous service. The amount of gratuity is calculated on the basis of last drawn gross salary of the employee.

Leave encashment scheme is unfunded and has been discontinued with effect from 01 January 2009. However, employees having accumulated leave balances as at 31 December 2008 will be entitled for encashment of accumulated leave balances as at 31 December 2008 on leaving the service based on their last drawn gross salary.

		Gratuity		Leave Encashment	
		2012	**2011**	**2012**	**2011**
26.1. Amount recognized in the balance sheet	Note	Rupees			
Present value of defined benefit obligations	26.1.1	**7,127,738**	10,307,555	**1,478,502**	2,850,075
Less: Fair value of plan assets	26.1.2	**(2,812,589)**	(2,629,338)	**-**	-
Less: Actuarial (losses) to be recognized in later periods		**(4,466,397)**	(3,190,483)	**-**	-
Add: Benefits due but not paid		**1,608,000**	1,876,500	**-**	-
		1,456,752	6,364,234	**1,478,502**	2,850,075

	Note	Gratuity 2012	Gratuity 2011	Leave Encashment 2012	Leave Encashment 2011
		---- Rupees ----			
26.1.1. Movement in the defined benefit obligation:					
Present value of defined benefit obligation at beginning of the year		**10,307,555**	11,203,547	**2,850,075**	3,037,773
Current service cost for the year		**3,786,801**	4,748,012	**96,983**	759,433
Interest cost for the year		**1,443,058**	1,344,426	**399,011**	364,533
Benefits paid / discharged during the year		**(8,047,000)**	(4,294,290)	**(1,984,240)**	(1,252,260)
Benefits due, but not paid during the year		**(1,608,000)**	(1,876,500)	**-**	-
Actuarial (gain) / loss on present value of defined benefit obligation		**1,245,324**	(817,640)	**116,673**	(59,404)
		7,127,738	10,307,555	**1,478,502**	2,850,075
26.1.2. Movement in the fair value of plan assets:					
Fair value of plan assets at beginning of the year		**2,629,338**	2,446,588		
Total contributions made in the year		**9,923,500**	4,700,540		
Expected return on plan assets for the year		**368,107**	293,591		
Benefits paid / discharged during the year		**(9,923,500)**	(4,700,540)		
Actuarial gain / (loss) on assets		**(184,856)**	(110,841)		
		2,812,589	2,629,338		
26.2. Movement of liability:					
Balance sheet liability as at beginning of the year		**6,364,234**	5,052,317	**2,850,075**	3,037,773
Amount recognized during the year	26.3	**5,016,018**	6,012,457	**612,667**	1,064,562
Contribution made during the year		**(9,923,500)**	(4,700,540)	**(1,984,240)**	(1,252,260)
		1,456,752	6,364,234	**1,478,502**	2,850,075
26.3. Staff service cost expense recognized in the profit & loss account					
Current service cost		**3,786,801**	4,748,012	**96,983**	759,433
Interest cost		**1,443,058**	1,344,426	**399,011**	364,533
Expected return on plan assets		**(368,107)**	(293,591)	**-**	-
Actuarial (gains) / losses		**154,266**	213,610	**116,673**	(59,404)
		5,016,018	6,012,457	**612,667**	1,064,562
26.4. Actual return on the plan assets					
Expected return on the plan assets		**368,107**	293,591	**-**	-
Actuarial (loss) on plan assets		**(184,856)**	(110,841)	**-**	-
Actual return on the plan assets		**183,251**	182,750	**-**	-

26.5. Qualified actuary carried out the valuation as on 30 June 2012 using the Projected Unit Credit Method. Following significant assumptions have been used.

	Gratuity 2012	Gratuity 2011	Leave Encashment 2012	Leave Encashment 2011
Discount rate	**13%**	14%	**13%**	14%
Expected rate of increase in salary	**12%**	13%	**12%**	13%
Expected rate of return on plan assets	**14%**	12%	**-**	-
Average number of leaves utilized per annum	**-**	-	**8 Days**	8 Days
Expected average remaining years until vesting as on 30 June	**14 years**	14 years	**-**	-

26.6. The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund is as follows:

	2012	2011	2010	2009	2008
	Rupees				
As at 30 June					
Present value of defined benefit obligation	**7,127,738**	10,307,555	11,203,547	7,865,683	10,194,637
Fair value of plan assets	**2,812,589**	2,629,338	2,446,588	2,264,209	5,647,850
(Deficit) / surplus	**(4,315,149)**	(7,678,217)	(8,756,959)	(5,601,474)	(4,546,787)

Fair value of plan assets include certificates of investments, whose fair value is Rs. 2.812 million (2011: Rs. 2.629 million).

	Note	**2012 Rupees**	2011 Rupees
27. LONG TEM DEPOSITS			
Margin against letters of guarantee		**164,252,852**	87,171,969
Deposits against lease arrangements	27.1	**511,827,522**	685,762,220
Less: Current maturity	30	**482,478,149**	512,522,498
		29,349,373	173,239,722
		193,602,225	260,411,691

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

28. SHORT TERM BORROWINGS

Banking companies and other financial institutions:			
Running finances - secured	28.1	**39,947,964**	41,605,658

28.1. These represent two running finances utilized from commercial banks. The total limits against running finances amounting Rs. 120.6 million (2011: Rs. 120.6 million). These carry mark-up @ 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% (2011: 3 months KIBOR + 300 bps with a floor ranging from 4.5% to 10%) per annum payable on quarterly basis respectively.

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.

Carrying amount of quoted shares given as collateral against borrowings	**-**	-

29. SHORT TERM CERTIFICATE OF INVESTMENT

Local currency		
- Financial institutions	**16,950,000**	43,450,000
- Corporate	**1,517,413,136**	1,702,172,179
- Individuals	**174,630,570**	231,422,216
	1,708,993,706	1,977,044,395

29.1. These represent unsecured short term certificates of investment for a period of one months to one year. These carry mark-up rate ranging from 10% to 18.75% (2011: 10% to 18.5%) per annum.

		Note	2012 Rupees	2011 Rupees
30.	**CURRENT MATURITIES OF LONG TERM LIABILITIES**			
	Long term financing from banking companies & FI			
	Secured	23.1	**709,732,481**	413,746,890
	Unsecured	23.2	**17,251,959**	32,183,778
	Term finance certificates - secured	23.3	**149,366,479**	143,692,500
	Long term Murabaha	24	**15,500,000**	12,000,000
	Certificates of investment - unsecured	25	**262,863,737**	179,822,940
	Long term deposits	27	**482,478,149**	512,522,498
			1,637,192,805	1,293,968,606
31.	**MARK-UP ACCRUED**			
	Secured			
	- Short and long term borrowings		**89,375,472**	24,705,397
	- Term finance certificates		**15,093,793**	26,992,408
			104,469,265	51,697,805
	Unsecured			
	- Certificates of investment		**156,463,080**	50,228,968
			260,932,345	101,926,773
32.	**TRADE AND OTHER PAYABLES**			
	Advance receipt against leases	32.1	**49,458,150**	79,497,816
	Unclaimed dividend		**3,099,758**	3,101,207
	Preference dividend payable		**98,475,716**	52,618,867
	Accrued liabilities		**11,176,860**	7,038,761
	Other liabilities	32.2	**110,882,145**	31,796,708
			273,092,629	174,053,359

32.1. These represent initial security deposit received against financing facilities.

32.2. These include withholding tax payable Rs.10.892 million (2011: Rs.0.440 million), central excise duty payable Rs.0.772 million (2011: 0.341 million) and balance with related party amounting Rs. 49,743 /-

33. CONTINGENCIES AND COMMITMENTS

33.1. Contingencies

The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 772.471 Million (2011: Rs. 727.191 million).

The Company has filed recovery suits amount to Rs. 1,769.15 (2011: Rs. 1,694.51 million). Prima facie the Bank has good arguable cases, the financial impact of the same has been accounted for in these financial statements.

33.2. Commitments

33.2.1 Financing commitments approved but not disbursed as on balance sheet date amount to Rs. Nil (2011 : 28.251 Million).

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34. INCOME FROM LEASE OPERATIONS	Note	2012 Rupees	2011 Rupees
Finance lease income		**51,580,979**	144,413,190
Commitment and other fees		**62,303**	442,776
Miscellaneous	34.1	**66,774,691**	145,157,501
		118,417,973	290,013,467

34.1. Miscellaneous lease income

Mark-up on lease advance		**151,072**	-
Additional mark up on overdue lease rentals		**66,623,619**	145,157,501
		66,774,691	145,157,501

35. INCOME FROM INVESTMENTS

Gain on disposal of "HFT" and "AFS" investments		**1,671,304**	6,753,023
Profit on short term placements		**8,944,612**	2,818,014
Profit on long term investments		**9,885,369**	12,364,374
Dividend income		**-**	2,955,611
Profit from First National Equity (Broker)		**-**	3,624,250
Income from consultancy and trusteeship services		**-**	1,086,796
Deficit on revaluation of held for trading investments		**-**	(2,966,660)
		20,501,285	26,635,408

36. INCOME FROM TERM FINANCES

36.1. Mark- up earned on long term finances

Employees		**936,561**	1,617,367
Customers		**25,042,351**	137,510,048
		25,978,912	139,127,415

36.2. Mark- up earned on short term finances

Employees		**-**	508
Customers		**76,041,039**	103,914,092
		76,041,039	103,914,600
		102,019,951	243,042,015

37. FINANCE COST

Mark-up on long term financing		**126,781,867**	159,811,391
Mark-up on term finance certificates		**38,997,094**	61,208,856
Amortisation of initial cost		**1,880,928**	3,259,833
Markup on short term borrowings		**-**	17,735,650
Mark-up on certificates of investment		**328,422,766**	310,703,784
Mark-up on running finance		**6,321,154**	11,378,546
Bank charges and commission		**45,835,930**	20,117,575
Amortization of preference shares cost		**1,529,350**	1,558,115
		549,769,089	585,773,750

		Note	2012 Rupees	2011 Rupees
38.	**ADMINISTRATIVE AND OPERATING EXPENSES**			
	Salaries and other benefits	38.1	**74,921,350**	79,469,663
	Printing and stationery		**1,272,257**	1,655,701
	Vehicle running and maintenance		**14,369,385**	13,797,307
	Postage, telephone and telex		**2,443,530**	2,645,201
	Travelling and conveyance		**3,058,727**	2,122,755
	Boarding and lodging		**716,041**	409,618
	Entertainment		**1,505,343**	1,344,315
	Advertisement		**673,598**	712,440
	Electricity, gas and water		**2,253,849**	2,240,716
	Newspapers and periodicals		**37,255**	65,966
	Auditors' remuneration	38.2	**1,755,080**	1,245,000
	Fee and subscription		**3,423,880**	4,659,749
	Rent, rates and taxes		**14,695,477**	14,769,086
	Insurance		**1,177,489**	1,872,050
	Office maintenance		**2,218,406**	2,802,016
	Legal and professional charges		**8,622,274**	8,978,556
	Security charges		**861,036**	915,040
	Staff training		**55,495**	590,700
	Depreciation on property and equipment	6.1	**7,000,892**	8,859,944
	Amortization on intangible assets	6.3	**334,696**	334,695
	Miscellaneous		**9,869,422**	5,537,155
			151,265,482	155,027,673

38.1. It includes provision for gratuity and compensated leave absences amounting to Rs. 5.016 million and Rs. 0.613 million respectively (2011: Rs.6.012 million and Rs.1.065 million respectively).

38.2.	**Auditors' remuneration**			
	Audit fee:			
	Annual		**1,080,080**	800,000
	Half yearly review		**300,000**	300,000
	Certification		**40,000**	-
	Out of pocket expenses		**335,000**	145,000
			1,755,080	1,245,000
39.	**OTHER OPERATING INCOME**			
	Gain on disposal of operating fixed assets		**173,711**	13,305,592
	Commission income		**8,919,298**	8,382,817
	Profits on bank deposits		**1,172,954**	6,320,521
	Income against terminated leases		**-**	2,036,555
	Miscellaneous	39.1	**1,328,064**	3,728,512
			11,594,027	33,773,997

39.1. This head contains income on bouncing of cheques of lessees and ware house charges recovered from lessees.

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40. OTHER OPERATING EXPENSES

These represent lease receivables written off during the year.

	Note	2012 Rupees	2011 Rupees
41. PROVISION/(REVERSAL OF PROVISION) AGAINST LEASE AND TERM LOAN			
Provision/(Reversal) for potential lease losses		**17,253,179**	(20,265,877)
Provision/(Reversal) for loans and advances		**393,684,344**	(240,104,572)
Provision for other receivable		**116,826,871**	40,763,989
Provision against financing against shares		**2,988,987**	1,941,590
		530,753,381	(217,664,870)

42. PROVISION FOR TAXATION

	Note	2012 Rupees	2011 Rupees
For the year			
- Current tax			
For the year	42.1	**2,028,795**	7,628,675
Prior year			(422,299)
- Deferred tax		**-**	9,906,641
		2,028,795	17,113,017

42.1. The reconciliation of tax expense and product of accounting profit of corresponding year multiplied by the applicable tax rate cannot be made in view of minimum taxation and final tax on dividend income.

43. (LOSS) / EARNING PER SHARE

		2012	2011
(Loss) / Profit for the year after taxation	Rupees	**(1,020,373,882)**	37,250,486
Weighted average number of ordinary shares	Numbers	**58,552,873**	58,552,872
(Loss) / Earning per share - basic	Rupees	**(17.43)**	0.64

There is no dilutive effect on the basic earning / (loss) per share of the company.

44. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS OF PARENT COMPANY

	Chief Executive		Directors		Executives	
	2012	2011	2012	2011	2012	2011
	Rupees					
Managerial remuneration	**9,971,670**	5,805,000	**3,011,770**	-	**8,027,365**	11,232,288
Housing and utilities	**4,785,549**	3,195,000	**-**	-	**4,418,161**	6,182,112
Bonus	**-**	-	**-**	-	**-**	1,384,124
Medical	**38,000**	12,603	**-**	-	**398,526**	456,497
Others	**883,250**	848,611	**-**	-	**1,123,884**	1,451,200
Gratuity	**2,104,552**	1,500,000	**-**	-	**6,731,389**	7,018,500
Directorship Fee	**-**	-	**1,700,000**	1,470,000	**-**	-
	17,783,021	11,361,214	**4,711,770**	1,470,000	**20,699,325**	27,724,721
Number of persons	**2**	**1**	**10**	**7**	**8**	**10**

44.1. Fee was paid to directors for attending the board meetings amount to Rs. 1,700,000 (2011: Rs.1,470,000).

45. MATURITIES OF ASSETS AND LIABILITIES

	2012			
	Total	Upto one year	Over one to five years	Over five years
Financial assets	……………… Rupees ………………			
Net investment in lease finance	1,632,688,325	1,503,757,405	128,930,920	-
Long term loans and advances	61,646,177	39,533,250	22,112,927	-
Long term investments	71,374,250	15,468,750	55,905,500	-
Short term loans and advances	258,579,111	258,579,111	-	-
Short term placements	35,000,000	35,000,000	-	-
Short term investments	126,500	126,500	-	-
Interest accrued	230,501,454	230,501,454	-	-
Other receivable	58,293,467	58,293,467	-	-
Cash and bank balances	10,472,443	10,472,443	-	-
	2,358,681,727	**2,151,732,380**	**206,949,347**	**-**
Financial liabilities				
Long term certificates of investments	294,076,384	262,863,737	31,212,647	-
Long term financing	1,531,089,764	891,850,919	639,238,845	-
Short term certificates of investments	1,708,993,706	1,708,993,706		
Short term borrowings	39,947,964	39,947,964	-	-
Mark-up accrued	260,932,345	260,932,345	-	-
Trade and other payables	273,092,629	273,092,629	-	-
	4,108,132,792	**3,437,681,300**	**670,451,492**	**-**
Net Balance	**(1,749,451,065)**	**(1,285,948,920)**	**(463,502,145)**	**-**
Shareholders' equity	**(961,542,617)**			

	2011			
	Total	Upto one year	Over one to five years	Over five years
Financial assets	……………… Rupees ………………			
Net investment in lease finance	2,242,100,908	2,088,404,126	153,696,782	-
Long term loans and advances	644,611,732	75,619,145	314,852,860	254,139,727
Long term investments	77,530,500	13,194,950	64,335,550	-
Short term loans and advances	794,303,308	794,303,308	-	-
Short term placements	9,966,110	9,966,110	-	-
Short term investments	1,510,788	1,510,788	-	-
Mark-up accrued	233,621,996	233,621,996	-	-
Other receivable	60,912,841	60,912,841	-	-
Cash and bank balances	29,297,645	29,297,645	-	-
	4,093,855,828	**3,306,830,909**	**532,885,192**	**254,139,727**
Financial liabilities				
Long term certificates of investments	432,285,427	179,822,940	252,462,487	-
Long term financing	1,727,776,858	601,623,168	1,126,153,690	-
Short term certificates of investments	1,977,044,395	1,977,044,395	-	-
Short term borrowings	41,605,658	41,605,658	-	-
Mark-up accrued	101,926,773	101,926,773	-	-
Trade and other payables	174,053,359	174,053,359	-	-
	4,454,692,470	**3,076,076,293**	**1,378,616,177**	**-**
Net Balance	**(360,836,642)**	**230,754,616**	**(845,730,985)**	**254,139,727**
Shareholders' equity	**96,385,753**			

45.1 FINANCIAL RISK MANAGEMENT

45.1.1. Financial risk factors

The bank's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the management company, chief operating officer and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

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

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

(ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The bank is exposed to equity price risk as bank hold available for sale and held for trading investments.

	2012	2011
Reporting date all index points	13801	12496

		Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity
Held-for-trading investments			(Rupees)	
	2012	+10%	12,650	-
		-10%	(12,650)	-
	2011	+10%	151,079	-
		–10%	(151,079)	-

(iii) Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market mark up rates.

The bank has no fixed rate instruments. The bank's mark up/profit rate risk arises from long term financing, short term financing, investments and lease.

At the balance sheet date the interest rate profile of the bank's mark up bearing financial instruments was:

	2012	2011
	Rupees	Rupees
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	**9,502,415**	26,368,685
Short term placements	**35,000,000**	9,966,110
Short term loans and advances	**258,579,111**	794,303,308
Long term investments	**71,374,250**	77,530,500
Lease rental receivables	**1,632,688,325**	2,242,100,908
Long term loans and advances	**61,646,177**	644,611,732

Fair value sensitivity analysis for fixed rate instruments

The bank does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the bank.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Bank balances	**10,472,443**	29,297,645
Short term placements	**35,000,000**	9,966,110
Short term loans and advances-net	**258,579,111**	794,303,308
Interest accrued	**230,501,454**	233,621,996
Other receivables	**58,293,467**	60,912,841
Long term investments	**71,374,250**	77,530,500
Lease rental receivables	**1,632,688,325**	2,242,100,908
Long term loans and advances	**61,646,177**	644,611,732
	2,358,555,227	4,092,345,040

Geographically all credit exposure is concentrated in Pakistan.

	2012 Rupees	2011 Rupees

The maximum exposure to credit risk for receivables (term loan and lease rental receivables) at the reporting date by type of customer was:

Chemical & fertilizer	**15,046,000**	17,492,200
Construction / Real Estate	**172,493,048**	869,713,598
Financial institutions / Insurance Companies	**420,153,520**	20,670,234
Health care	**37,713,755**	38,303,755
Hotels	**13,896,300**	21,963,300
Individuals / auto lease	**1,245,532,144**	1,818,896,339
Miscellaneous manufacturing	**373,822,553**	425,616,738
Miscellaneous services	**239,278,267**	445,541,638
Natural gas & LPG	**67,204,333**	151,953,295
Paper & board	**13,900,000**	19,660,000
Steel & engineering	**23,352,000**	44,223,425
Sugar & allied	**39,324,475**	39,324,475
Textile composite	**37,323,766**	62,297,766
Textile knitwear / apparel	**194,480,000**	194,480,000
Textile spinning	**25,488,060**	36,557,060
Transport & communication	**414,295,698**	436,062,977
	3,333,303,919	4,642,756,800

The age of overdue term loans and lease rental receivables and related impairment loss at the balance sheet date was:

Overdue term loans and lease rental receivables

Past due 0 - 180 days	**130,267,256**	382,305,053
Past due 181 - 365 days	**97,062,419**	52,282,814
1 - 2 years	**426,536,269**	140,233,518
More than 2 years	**1,095,250,338**	1,054,739,938
	1,749,116,282	1,629,561,323

Provision on term loans and lease rental receivables		
Past due 0 - 180 days	**-**	-
Past due 181 - 365 days	**-**	-
1 - 2 years	**79,255,478**	1,683,530
More than 2 years	**295,188,413**	276,370,598
	374,443,891	278,054,128

Collaterals held against term financing and lease rentals receivables

	2012				
		Collaterals			
	Gross exposure	Mortgage	Hypothe-cation	Liquid-collaterals	Net exposure
	---------- Rupees ----------				
Long term finances	**61,646,177**	**183,732,000**	**214,000**	**37,500,000**	**(159,799,823)**
Short term finances	**258,579,111**	**219,130,000**	**-**	**139,820,000**	**-**
Lease rental receivables	**2,134,154,549**	**3,286,255,786**	**-**	**-**	**-**

The bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The bank has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The bank also uses other publicly available financial information and its own trading records to rate its customers. The bank's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits bank's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the balance sheet date:

	Rating		2012	2011
	Long term	Agency	(Rupees)	
Banks				
Summit Bank Limited	A	JCR	**12,558**	12,871
The Bank of Punjab	AA-	PACRA	**69**	250
Habib Bank Limited	AA+	JCR	**333,906**	954,073
Habib Metropolitan Bank	AA+	PACRA	**165,702**	1,767,537
MCB Bank Limited	AA+	PACRA	**621,853**	2,680,604
NIB Bank Limited	AA-	PACRA	**3,222,122**	9,825,786
Standard Chartered Bank	AAA	PACRA	**5,398**	5,484
State Bank of Pakistan			**826**	45,149
Burj Bank Limited	A	JCR	**5,638,931**	12,965,864
KASB Bank Limited	BBB	PACRA	**12,988**	890,947
JS Bank Limited	A	PACRA	**1,025**	-
			10,015,378	29,148,565
Sukuks / Bonds				
Eden Housing Limited-Sukuk			**31,406,250**	36,562,500
Term finance certificates				
Azgard Nine Limited	D	PACRA	**39,968,000**	39,968,000
Grays Leasing Limited			**-**	1,000,000
			39,968,000	40,968,000
Held for Trading				
Pervaiz Ahmed securities limited			**-**	1,384,288

Due to the bank and its other related entity's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing and collaterals, the management does not expect non-performance by these counter parties on their obligations to the Bank. Accordingly, the credit risk is a moderate.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. In spite the fact that the bank is in a positive working capital position at the year end, management believes the liquidity risk to be low.

The table below analysis the bank's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equates to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	Rupees				
30 June 2012					
Customers' security deposits	**511,827,522**	**-**	**482,478,149**	**29,349,373**	**-**
Trade and other payables	**273,092,629**	**-**	**273,092,629**	**-**	**-**
	784,920,151	**-**	**755,570,778**	**29,349,373**	**-**
30 June 2011					
Customers' security deposits	685,762,220	-	512,522,498	173,239,722	-
Trade and other payables	174,053,359	-	174,053,359	-	-
	859,815,579	-	686,575,857	173,239,722	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup / profit rates effective as at 30 June 2012. The rates of mark up have been disclosed in respective notes to the financial statements.

45.2. Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

45.3. Financial instruments by categories

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
	(Rupees)					
As at 30 June 2012						
Assets as per balance sheet						
Cash and bank balances	**10,472,443**	**-**	**-**	**-**	**-**	**10,472,443**
Short term placements	**-**	**35,000,000**	**-**	**-**	**-**	**35,000,000**
Short term loans and advances-net	**-**	**258,579,111**	**-**	**-**	**-**	**258,579,111**
Short term investments	**-**	**-**	**-**	**-**	**126,500**	**126,500**
Markup accrued	**-**	**230,501,454**	**-**	**-**	**-**	**230,501,454**
Other receivables	**-**	**58,293,467**	**-**	**-**	**-**	**58,293,467**
Long term investments	**-**	**-**	**-**	**71,374,250**	**-**	**71,374,250**
Lease rental receivables	**-**	**1,632,688,325**	**-**	**-**	**-**	**1,632,688,325**
Long term loans and advances	**-**	**61,646,177**	**-**	**-**	**-**	**61,646,177**
	10,472,443	**2,276,708,534**	**-**	**71,374,250**	**126,500**	**2,358,681,727**

	Financial liabilities at amortized cost
	(Rupees)
Liabilities as per balance sheet	
Customers' security deposits	**511,827,522**
Long term financing-subordinated loan	**400,646,237**
Long term financing-preference shares	**306,500,000**
Long term financing-others	**1,114,943,527**
Long term morabaha	**15,500,000**
Long term certificates of investment	**294,076,384**
Short term borrowings	**1,276,149,039**
Short term certificates of investment	**1,708,993,706**
Trade & other payables	**273,092,629**
	5,901,729,044

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
	(Rupees)					
As at 30 June 2011						
Assets as per balance sheet						
Cash and bank balances	29,297,645	-	-	-	-	29,297,645
Short term placements	-	9,966,110	-	-	-	9,966,110
Short term loans and advances-net	-	794,303,308	-	-	-	794,303,308
Short term investments	-	-	-	-	1,510,788	1,510,788
Markup accrued	-	233,621,996	-	-	-	233,621,996
Other receivables	-	60,912,841	-	-	-	60,912,841
Long term investments	-	-	-	77,530,500	-	77,530,500
Lease rental receivables	-	2,242,100,908	-	-	-	2,242,100,908
Long term loans and advances	-	644,611,732	-	-	-	644,611,732
	29,297,645	3,985,516,895	-	77,530,500	1,510,788	4,093,855,828

	Financial liabilities at amortized cost
	(Rupees)
Liabilities as per balance sheet	
Customers' security deposits	685,762,220
Long term financing-subordinated loan	400,646,237
Long term financing-preference shares	306,500,000
Long term financing-others	1,307,630,621
Long term morabaha	19,500,000
Long term certificates of investment	432,285,427
Short term borrowings	41,605,658
Short term certificates of investment	1,977,044,395
Trade and other payables	174,053,359
	5,345,027,917

45.4 **Capital risk management**

The company's objective when managing capital is to safeguard its ability to continue as a going concern and to meet the regulatory capital requirement as prescribed by the SECP. Currently, the Company is required to maintain equity of Rs. 700 million for investment finance services. For the purposes of minimum equity requirement, the equity of the Company includes paid up share capital, reserves, accumulated profits / losses, surplus on revaluation of fixed assets, subordinated loans and redeemable preference shares.

Further, in accordance with the requirements of NBFC regulations, the minimum equity requirement for NBFCs has been raised to Rs. 1,000 million, to be achieved in a phased manner by 30 June 2013. The Company expects that it would be able to meet such enhanced requirement through profitable operations in future.

	2012 Rupees	2011 Rupees
46. CASH AND CASH EQUIVALENTS		
Cash and bank balances	**10,472,443**	29,297,645
Short term running finance	**(39,947,964)**	(41,605,658)
	(29,475,521)	(12,308,013)

47. 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:

	2012 Rupees	2011 Rupees
Mr. Asif Kamal		
Share capital as on June 30	**71,065,510**	71,065,510
Mr.Zahid Rafiq		
Share capital as on June 30	**57,024,050**	57,024,050
Genesis Securities (Pvt) Limited.		
Share capital as on June 30	**122,097,420**	122,097,420
Associated undertakings:		
Tricon Developers Limited		
Amount due against leases	**1,221,876**	1,765,950
Finance income charged during the period	**145,518**	386,389
Deposit against lease arrangements	**279,500**	501,350
Long term financing - subordinated loan as on June 30	**400,646,237**	400,646,237
Polygon Builders		
Finance income charged during the period	**-**	151,011
Polygon Developers		
Amount due against term finances as on June 30	**-**	22,000,000
Finance income charged during the period	**3,139,509**	19,414,210
Habib Rafiq (Pvt) Limited		
Letter of Guarantees issued during the year	**164,680,696**	446,822,848
Letter of Guarantees outstanding as at June 30	**373,308,256**	355,964,848
Income charged during the year	**5,144,042**	2,795,157

	2012 Rupees	2011 Rupees
Maple Leaf Cement Factory Limited		
Letter of Guarantees issued during the year	**-**	73,290,620
Letter of Guarantees outstanding as at June 30	**40,000,000**	40,000,000
Income charged during the year	**471,929**	412,754
The Bank of Khyber		
Amount outstanding against borrowing as at June 30	**27,777,780**	32,986,113
Markup charged during period	**3,708,773**	5,577,916
Others		
Employees' retirement fund		
Contribution made	**10,031,240**	5,546,550

48. SEGMENT ANALYSIS

Trust investment bank activities are broadly categorized into two primary business segments namely financing activities and investing activities.

Financing activities
Financing activities include providing long-term and short term financing facilities to corporate and individual customers including lease financing.

Investment activities
Investment activities include money market activities, investment in government securities and capital market activities.

	2012		
	Financing activities	Investment activities	Total
	Rupees		
Income from lease operations	118,417,973	-	118,417,973
Income from investments	-	20,927,838	20,927,838
Income from finances / loans	102,019,951	-	102,019,951
Total income for reportable segments	220,437,924	20,927,838	241,365,762
Finance cost	496,082,655	53,686,434	549,769,089
Administrative and operating expenses	124,631,006	26,634,476	151,265,482
Other operating expenses	39,516,924	-	39,516,924
Provision for potential lease losses and term finances	530,753,381	-	530,753,381
Impairment on available for sale investment	-	-	-
Other income	(1,328,064)	(10,265,963)	(11,594,027)
Segment result	**(969,217,978)**	**(49,127,109)**	**(1,018,345,087)**
Loss before taxation			**(1,018,345,087)**

	2012		
	Financing activities	**Investment activities**	**Total**
	Rupees		
Segment assets	2,849,543,394	158,996,070	3,008,539,464
Unallocated assets			836,440,109
			3,844,979,573
Segment liabilities	1,555,537,728	2,003,070,090	3,558,607,818
Unallocated liabilities			1,247,914,372
			4,806,522,190

	2011		
	Financing activities	**Investment activities**	**Total**
	Rupees		
Income from lease operations	290,013,467	-	290,013,467
Income from investments	-	27,179,704	27,179,704
Income from finances / loans	243,042,015	-	243,042,015
Total income for reportable segments	533,055,482	27,179,704	560,235,186
Finance cost	552,719,514	33,054,236	585,773,750
Administrative and operating expenses	147,103,236	7,924,437	155,027,673
Other operating expenses	16,509,127	-	16,509,127
Provision for potential lease losses and term finances	(217,664,870)	-	(217,664,870)
Impairment on available for sale investment	-	-	-
Other income	(3,728,512)	(30,045,485)	(33,773,997)
Segment result	**38, 116,987**	**16,246,516**	**54,363,503**
Profit before taxation			**54,363,503**

	2011		
	Financing activities	**Investment activities**	**Total**
	Rupees		
Segment assets	4,222,511,724	192,022,313	4,414,534,037
Unallocated assets			946,368,815
			5,360,902,852
Segment liabilities	3,000,044,647	894,357,287	3,894,401,934
Unallocated liabilities			1,370,115,165
			5,264,517,099

49. UNADJUSTING POST BALANCE SHEET EVENTS

The bank has by way of a special resolution passed at the extra ordinary general meeting under section 208 of the Companies Ordinance, 1984 held on September 05, 2010 decided to acquire such number of ordinary shares of Tricon Developers Limited from Mr. Asif Kamal, being investment / placement available for issuance of shares of Trust Bank.

The purpose of the transaction is to make Tricon Developers Limited subsidiary company of the bank.

This transaction shall strengthen the equity of the bank and as a result the bank shall become equity compliant and it may increase dividend earnings and capital appreciation since it is expected that shares in the investee company will generate reasonable profits in future.

SECP vide its letter dated October 17, 2012 has sanctioned approval for this transaction.

50. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 08 November 2012 by the Board of Directors.

51. GENERAL

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

51.2. Consolidation of Accounts

During the year 2011, the company sold its entire investment in the subsidiary company (Trust Capital (Pvt) Limited) amounting to Rs. 60,000,000 to M/s Commodities Transportation (Private) limited for a consideration amounting to Rs. 51,857,404 of which Rs. 45,857,404 was receivable against the net assets of the subsidiary company as at March 31, 2011 and Rs. 6,000,000 was receivable against loan to subsidiary company. Necessary approval of SECP for this sale of investment in the subsidiary company was awaited till June 2011. An application was submitted to SECP for exemption from preparation of consolidated financial satatements and thus no consolidated financial statements were presented in 2011. However SECP, vide letter dated March 12, 2012 informed the company that its application for the sale of subsidiary company couldnot be acceded at that point of time. However the company had already disposed of its investment.The transaction has now been reversed and the financial statements of 2011 have been restated to correct this error. The effect of the restatement on those financial statements is stated in Note # 5 to the stand alone Financial statements of Trust Investment Bank Limited.

CHIEF EXECUTIVE **DIRECTOR**

Form of Proxy
Trust Investment Bank Limited

I/We ____

of ____

being member(s) of Trust Investment Bank Limited, holding __________________________ ordinary Shares as per Share Register Folio No./CDC Participant I.D. No. __________________________ hereby appoint Mr./Mrs./Miss ________________________________ of ______________________________________ who is also a member of the Bank, Folio No. / CDC Participant I.D. No. ______________________ or failing him / her __________________________________ of _____________________________________ Folio No./CDC Participant I.D. No. ______________ another member of the Bank as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Bank to be held on the 30th day of November, 2012 at 04:00 p.m. at Tricon Village, 9-Km, Canal Bank Road, Lahore.

Signed this ________ day of ____________ 2012

Please affix Five Rupees Revenue Stamp

Signature of Member
(The Signature should agree with
the specimen registered with the Bank)

Witness:	Witness:
Signature: _________________________	Signature: _________________________
Name: ____________________________	Name: ____________________________
Address: ___________________________	Address: ___________________________
CNIC No: _________________________	CNIC No: _________________________

Notes

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Bank, 6th Floor, M. M. Tower, 28-A/K, Gulberg II, Lahore not less than 48 hours before the time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
3. No person can act as proxy unless he / she is member of the Bank, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate Entities.
In addition to the above, the following requirements have to be met.

i. The proxy form shall be witnessed by two persons whose name, address and Computerized National Identity Card (CNIC) number shall be mentioned on the form.

ii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be provided with the proxy form.

iii. The proxy shall produce his original CNIC or Passport at the time of attending the meeting.

iv. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Bank.

AFFIX
CORRECT
POSTAGE

Head Office:
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