2009
Annual Report

TRUST BANK

Trust Investment Bank Limited

Trust Investment Bank Limited

Head Office: 23-D/1-A, Gulberg III,
Lahore (Pakistan).
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www.trustbank.com.pk

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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 client and our talent 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/ Non - Executive Director
Mr. Humayun Nabi Jan ....Non- Executive Director
Mr. Khalid Niaz Khawaja.................................Non- Executive Director
Mr. Shafiq A. Khan..Non- Executive Director
Mr. Ahmed Ali Riaz ....Non- Executive Director
Mr. Yusaf Saeed ....Non-Executive Director
Mr. Shazib Masud...Non- Executive Director
Mr. Faqir Ejaz Asghar ....Chief Executive Officer

Audit Committee

Mr. Humayun Nabi Jan (Chairman)
Mr. Shazib Masud
Mr. Khalid Niaz Khawaja

Chief Financial Officer

Mr. Imran Hameed

Company Secretary

Mr. Awais Yasin

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Nawaz Kasuri & Rashdeen Law Chambers

Bankers to the Company

The Bank of Punjab Limited
Faysal Bank Limited
Allied Bank Limited
Habib Bank Limited
Standard Chartered Bank Limited
Atlas Bank Limited
Bank Al Habib Limited
Habib Metropolitan Limited
NIB Bank Limited
MCB Bank Limited

Registrars

Vision Consulting Limited
1st Floor, 3-C, LDA Flats,
Lawrence Road, Lahore
Tel: 042-36375531, 36375339
Fax: 042-326374839

Registered Office & Head Office

23-D/1-A, Gulberg-III, Lahore.
Tel: 042-322404714-19
Fax: 042-32404720
Email: info@trustbank.com.pk
Website: www.trustbank.com.pk

Branch Network

Main Branch
35-A/II, Aziz Avenue, Canal Bank, Lahore.
Ph. 042-5710988, 5875412-13
Fax. 042-5713453

Gujrat Branch
Ground Floor, Kashmir Plaza,
Ram Talai Road,Gujrat.
Ph. 0533-510223
Fax 0533-510223

Sargodha Branch
60/A Railway Road, Civil Lines
(Opp. Solo hotel), Sargodha.
Ph. 048-3213836
Fax. 048-3740082

Jhelum Branch
24-Civil Lines, Opp. Govt Girls
High School no. 1, Near Imam Bargah,
Jhelum.
Ph. 0544-625961
Fax.0544-625972

Faisalabad Branch
Saeed Arcade, 721-Batala Colony
Faisalabad.
Ph. 041-8737431
Fax. 041-8739707

Islamabad Branch
Ground Floor,Kashmir Commercial
Complex
54-E,Fazal-e-Haq Road,Blue Area,
Islamabad.
Ph. 051-2271544,2272330

Multan Branch
1733-B-Ground Floor, LMQ Road,
(Central Chungi 8-9 Highway), Multan.
Ph. 061-6222008

Mandi Baha-ud-Din Branch
Near Alvi Chowk,
Mandi Baha-ud-Din.
Ph. 0546509568

Gujranwala Branch
Opp. Divisional Public School, Sama
Stop, GT Road, Gujranwala.
Ph. 055-3733617
Fax 055-3733618

Sialkot Branch
Kashmir Road, Near Meezan Bank,
Sialkot.
Ph. 052-4298350
Fax. 052-4298350

Sahiwal Branch
79-A-F, Canal Colony,
Farid Town Road, Sahiwal.
Ph. 040-4463990-91
Fax. 040-4463987

Peshawar Branch
Commercial Building,Jehangirabad,
University Road, Peshawar.
Ph. 091-5701484

Karachi Branch
30-A,Progressive Centre, Ground Floor,
PECHS, Block 6, Main Shahrah-e-Faisal,
Karachi.
Ph. 021-4322128-30

Notice of the Annual General Meeting

Notice is hereby given that 18th Annual General Meeting of Trust Investment Bank Limited will be held on Thrusday, December 10, 2009 at 11:00 a.m. at 23-D/1-A, Gulberg III, Lahore to transact the following business:

ORDINARY BUSINESS

i) To confirm the minutes of 10th Extra-ordinary General Meeting held on August 25, 2009.

ii) To receive, consider and adopt the audited accounts of the Bank for the year ended June 30, 2009 together with Directors' and Auditors' Report thereon.

iii) To appoint the Auditors of the Bank for the year ending June 30, 2010 and to fix their remuneration.

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

On Behalf of the Board

Lahore
November
20, 2009

Awais Yasin
(Company Secretary)

Notes

1) The share transfer books of the Bank will remain closed from December 03, 2009 to December 10, 2009 (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 on writing. If the member is a corporate entity, its common seal is 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.

Director's Report

On behalf of the Board of Directors, I am pleased to present 18th annual report of the Trust Investment Bank Limited for the year ended June 30, 2009.

ECONOMIC OUTLOOK

During the period under review the world economy faced worst recession and international financial system was under severe stress and strain. The slump in property market and debacle of stock markets adversely affected the liquidity, solvency and profitability of the banking sector. Furthermore the decline in consumer spending added stress on world recession. The sharp decline in stock markets, rising unemployment and uncertain business conditions reinforced the worldwide recession and still continuing inspite of introduction of strategies of developed countries which have miserably failed to stem this economy setback and liquidity crunch.

Pakistani banking sector was quite resilient and was able to withstand different international financial market shocks but due to internal crises the economic downturn in Pakistan got worsen with massive trade and budget deficits. In past years due to excessive money creation financed through credit cycle coupled with excessive consumer lending in the private sector resulted in sharp rise in inflation and placed pressure on the balance of payment leading to a sharp depletion of foreign exchange reserves. Furthermore the power problem, law & order situation, plunging of foreign currency reserves, flight of capital and increase in discount rate worsened the business environment, resultantly, increase in NPL's has been seen in the financial market. The fear of potential external debt default and deteriorating external situation compelled the Government to enter into a Stand-by arrangement with the IMF. The Monetary measures taken by Govt., reduction in oil prices and arrangement with the IMF have somewhat eased the inflationary pressure in Pakistan and resulted in stability of business conditions and increase in foreign exchange. This short term relief will not continue unless the underlying structural problems are addressed on a sustained basis.

The credit lending in the financial market of Pakistan was in “virtual halt mode” during the last year. The NBFCs sector suffered inter bank market failure manifesting into non availability of already approved treasury lines as well as regular lines and inordinate hike in the overnight inter-bank interest rates. Due to aforesaid reasons, the profitability of all participants of financial market has been reduced and NBFCs sector is no exception to this.

FINANCIAL RESULTS

The financial results for the year ended June 30, 2009 in comparison with June 30, 2008 are as follows:

	June 30-2009	June 30-2008
	(Rupees in million)	
Revenue	695	949
Operating Expenses	194	213
Financial Expenses	875	538
Operating profit (loss) before provision	-374	198
Profit/ (loss) before taxation	-976	66
Profit/ (loss) after taxation	-715	150
Earnings/ (loss) per Share (Rs.)	-12.22	2.56

REVENUE

The Bank succeeded to maintain the income from lease operations but income from investment has been reduced by 84%. The investments in the shares could not be liquidated due to freeze of trading in Stock Exchanges and market values of the investment in shares have declined drastically which resulted in increased loss to the Bank. The unprecedented debacle of capital market and freeze of index in stock exchanges for 111 days had a negative impact on the investments in shares of the Bank. The income from Term Finances showed remarkable improvement. As per the instruction of Securities & Exchange Commission of Pakistan (SECP) the brokerage operations of the Bank has been separated by incorporation of wholly owned subsidiary company Trust Capital (Private) Limited due to which brokerage income/loss is shown only in consolidated accounts.

EXPENDITURE

The NBFCs sector was badly hit and faced severe liquidity crises in money market counter and borrowings/credit was either not available or was available at exorbitant rates. Exorbitant financial charges adversely affected the profitability of our Bank. The financial cost of the Bank is increased by 63% due to liquidity crunch. Due to adverse economic conditions and increase in discount rate the Bank faced problems in recovery and non-performing loans have increased due to overall slow down in economic activities thus the Bank had to recognize additional provisions. The provision for potential lease and term loans losses is increased and had a major negative impact on the earning capacity of the Bank. Furthermore it is important to note that 50% of impairment of loss on available for sale investments amounting to Rs.230 million based on market value of the securities as at June 30, 2009 has been charged to the profit & loss account.

RATING BY EXTERNAL AGENCY

The credit rating of the Bank is reviewed by Pakistan Credit Rating Agency Limited and declared long term credit rating of the Bank at "A - " (A minus) while short term credit rating is "A2" (A two) with under watch. Rating of Term Finance Certificate II and III has been declared as "A".

FUTURE OUTLOOK

The future outlook and earning capacity of NBFC sector is mainly dependent on financial stability of banking system, availability of credit facilities and economic development in the country.

The sponsor shareholders of the Bank have devised a restructuring plan to meet the gap for required equity and also provide substantial liquidity to support the bank's business requirements. This plan is elaborated as follows:

- The sponsors have executed agreement with the management of the Bank and provided the title deeds of the land having market value of Rs.217.00 million in order to use the aforesaid land for enhancement of equity or to use aforesaid land as collateral for obtaining credit lines from the financial institutions.

- In addition a foreign Investment Company has expressed interest to invest in the equity of the Bank with 100% increase in paid-up capital. This process is in advanced stage.

- Furthermore the shareholders of the Bank have approved the issuance of convertible preference shares of Rs.500.00 million, with green-shoe option of Rs. 200.00 million, vide Extraordinary General Meeting dated August 25, 2009. The management of the Bank is working to market these preference shares shortly.

The index of the capital markets is stabilizing and Board foresees that there will be positive trend in future which will reduce the impairment loss. The management of the Bank is anticipating that year 2009-2010 will be challenging year, however, it will try its level best to take all necessary measures to improve the earning capacity of the Bank. The Board of Directors, management and staff of the Bank are committed in their strive to take new initiative by introducing new products, improving quality of service and efficiency of work in order to strengthen the Bank.

FUNDS MOBILIZATION

During the year under review the Bank make enhanced efforts for the funds mobilization and offered various incentive schemes for this purpose. A dedicated Liability Department has also been established for this purpose. The Bank mobilized additional deposits of Rs. 450 million during the year.

BRANCH NETWORK

In order to obtain maximum economies of scale the Bank has curtailed the branch network recently. The reduced network of branches shall maintain the presence of the Bank in all the major cities of our country and at the same time shall ensure cost reduction and streamlining of operations. The new branches network is as follows:

- Main Branch, Head Office
- Northern Region : Islamabad Branch, Gujranwala Branch and Peshawar Branch
- Central Region : Multan Branch, Faisalabad Branch and Sargodha Branch
- South Region : Karachi Branch

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 of the 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 auditor 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) There are no significant doubts upon the Bank's ability to continue as a going concern. The 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, thirteen (13) 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	12
Mr. Humayun Nabi Jan	Director	10
Mr. Shafiq A. Khan	Director	13
Mr. Zahid Rafiq	Retired Director	1
Mr. Khalid Niaz Khawaja	Director	13
Mr. Shazib Masud	Director	9
Mr. Ahmed Ali Riaz	Director	0
Mr. Hamesh Khan	Retired Director	0
Mr. Javaid B. Sheikh	Resigned Chief Executive /	12
Mr. Yusaf Saeed	Director	0

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) The Audit Committee continued to exist 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. Humayun Nabi Jan	Chairman
2	Mr. Khalid Niaz Khawaja	Member
3	Mr. Shazib Masud	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.

No trading of shares by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses & minor children has been carried out during the year. Detail of number of shares held by them is annexed.

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.

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, KPMG Taseer Hadi & 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, 2009 and shall retire at the conclusion of the 18th Annual General Meeting. The auditors have also completed the maximum five years audit period as prescribed by the Code of Corporate Governance and are required to be rotated. The auditors attended the general meetings of the Bank during the year.

The Audit Committee of the Bank have recommended for the appointment of Ford Rhodes Sidat Hyder & Company - EY Pakistan as the external auditors of the bank for the year ended 30 June 2010. 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.

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. Based on this philosophy and consistent with practice during previous years, financial statements for the year ended June 30, 2009 are drawn with required provisions in respect of outstanding leases, taking into account forced sale value of the underlying assets, as permissible under rules & regulations. However, auditors KPMG Taseer Hadi & Company have chosen to disagree with this treatment this year and have expressed vide para (a) of the auditors' report that provision should have been made without taking into account the forced sale value of the underlying assets and consequently an additional subjective provision of Rs. 329.522 million should have been made for the year ended June 30, 2009. Based on long experience and understanding of the leasing sector, management is of the view that the provision as provided in financial statements is adequate and additional subjective provisioning is not needed.

EVENTS AFTER BALANCE SHEET DATE

There have not been any material events that occurred subsequent to the date of the balance sheet June 30, 2009 that require adjustments to the enclosed financial statements.

ACKNOWLEDGEMENT

In the end, I would like to avail this opportunity on behalf of the Board of Directors of the Bank to extend sincere gratitude to SECP and SBP for their continued support and sustained efforts extended during the financial crises to strengthen the banking and financial system of the country and improving the governance framework for all Banks. The Board also expresses its appreciation to valuable customers, financial institutions and shareholders for their persistent cooperation and patronage. The Board also acknowledges the significant contributions by the executives and employees of the Bank and Board is confident that with the valuable teamwork and dedicated services of the employees, we shall be able to face the challenging times that lie ahead.

For and on behalf of the Board of Directors

Lahore
November 16, 2009

Faqir Ejaz Asghar
Chief Executive

Six Years Financial Summary

(Rupees in Million)

	2009	2008	2007	2006	2005	2004
Operational Result						
Total Lease Business and Term Finances	1,910	2,749	1,063	1,727	2,106	1,064
Revenues	695	949	732	733	420	229
Financial expenses	875	538	429	404	150	61
Total Expenses	1,069	750	607	511	204	96
Profit / (loss) before tax	(976)	66	115	221	216	133
Profit / (loss) after tax	(715)	149	103	202	225	120
Balance sheet						
Total assets	6,523	8,089	6,444	6,162	4,116	2,165
Paid-up-capital	585	585	468	407	339	309
Reserves	(205)	510	548	567	466	272
Total Equity	391	1,095	1,023	978	806	580
Earning per share *	(12.22)	2.56	2.20	4.96	5.53	4.38
Book value per share	6.68	16.78	25.10	24.02	23.74	18.80
Dividend	Nil	Nil	15% Cash Dividend	15% Cash Dividend	10% Cash Dividend	15% Cash Dividend
	Nil	Nil	25% Stock Dividend	25% Stock Dividend	20% Stock Dividend	10% Stock Dividend

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

Pattern Of Shareholding
As at June 30, 2009

Number of Shareholders	Shareholding From	To	Total Number of Shares Held	Percentage
431	1	100	17,737	0.03
739	101	500	190,069	0.32
369	501	1,000	274,087	0.47
658	1,001	5,000	1,513,403	2.58
64	5,001	10,000	441,892	0.75
25	10,001	15,000	312,332	0.53
17	15,001	20,000	293,442	0.50
7	20,001	25,000	160,668	0.27
10	25,001	30,000	273,887	0.47
7	30,001	40,000	235,190	0.40
2	40,001	50,000	97,761	0.17
2	50,001	55,000	104,552	0.18
2	55,001	70,000	138,554	0.24
3	70,001	75,000	218,007	0.37
1	100,001	101,000	100,145	0.17
1	110,001	115,000	112,222	0.19
1	130,001	135,000	133,552	0.23
1	145,001	150,000	150,000	0.26
1	155,001	160,000	157,500	0.27
1	210,001	215,000	214,947	0.37
1	225,001	230,000	227,500	0.39
1	285,001	290,000	288,506	0.49
1	345,001	350,000	349,000	0.60
1	430,001	435,000	431,250	0.74
1	700,001	710,000	707,000	1.21
1	1,360,001	1,365,000	1,364,500	2.33
1	1,400,001	1,405,000	1,404,847	2.40
1	1,865,001	1,870,000	1,870,000	3.19
1	2,410,001	2,420,000	2,419,833	4.13
1	2,500,001	2,515,000	2,512,251	4.29
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	3,650,001	3,660,000	3,659,210	6.25
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	6,670,001	6,680,000	6,675,301	11.40
1	12,205,001	12,210,000	12,209,742	20.85
2,360			58,552,870	100.00

Categories Of Shareholders
As at June 30, 2009

Categories of shareholders	Shares held	Percentage
Directors & Chief Executive		
Mr. Asif Kamal	431,250	0.74
Mr. Humayun Nabi Jan	718	-
Mr. Khalid Niaz Khawaja	500	-
Mr. Shafiq A. Khan	1,943	-
Mr. Ahmed Ali Riaz (Nominee of Genesis Securities)	12,209,742	20.85
Mr. Shazib Masud	500	-
Mr. Javaid B. Sheikh	718	-
Associated Companies/Persons & related parties		
Mr. Zahid Rafiq	5,702,405	9.74
Newage (Pvt.) Limited	6,675,301	11.40
Banks & Financial Institutions	3,917,009	6.69
Insurance Companies	2,568,936	4.39
Modarabas	79,712	0.14
General Public	14,419,599	24.63
IDBP (ICP Unit)	4,100	0.01
Others (Joint Stock & Investment Companies)	12,540,437	21.42
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%
Newage (Pvt.) Limited	6,675,301	11.40%
Total	18,885,043	32.25%

Financial Statement

Trust Investment Bank Limited

(for the year ended 30 June 2009)

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. 37 of Listing Regulation of Karachi and Chapter XIII of the Listing Regulation of Lahore 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 seven non-executive directors 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 election of directors was held and the Company has fulfilled all corporate and legal requirements and file necessary returns in this regard. One casual vacancy of the director was arose during the period which was duly filled during 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 Board arranged an orientation course for its Directors during the year to apprise of their duties and responsibilities.

10. During the year, the Board of directors has approved the appointment of Chief Executive Officer (CEO). The Board also determined the remuneration, terms and conditions for appointment of new CEO. No new appointment of Chief Financial Officer (CFO) and Company Secretary was made during the year. However any changes to the remuneration, terms and conditions of employment of CFO and Company Secretary have been determined by the CEO with the approval of the Board.

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, all non-executive directors including the Chairman of the Committee.

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
Faqir Ejaz Asghar
Chief Executive Officer

Lahore
November 16, 2009

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Trust Investment Bank Limited ("the Company") to comply with the listing regulations of Karachi, Islamabad and Lahore Stock Exchanges.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provision 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 plant 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 (xiii a) of listing regulation No. 35 (previously regulation No. 37) notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in 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 and procedures to determine whether the related party transactions were under taken at arm's length price.

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.

Lahore:	KPMG Taseer Hadi &Co.
November 16, 2009	Chartered Accountants
	(Kamran Iqbal Yousafi)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Trust Investment Bank Limited** ("the Company") as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion there is a requirement of an additional provision to the extent of Rs. 329.522 million in respect of outstanding leases. However, the management is of the view that the underlying assets are recoverable and consequently additional provision is not required. Had this provision been made in the financial statements the loss for the year after taxation and provision for doubtful leases would have been higher by the same amount;

b) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

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

d) except for the effects on the financial statements of the matter referred in paragraph (a), in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Without further qualifying our opinion, we draw attention of the members to note 1.1 to the financial statements which indicates that the Company incurred a net loss of Rs. 715.226 million during the year ended 30 June 2009 because of which the equity of the Company as of that date has fallen below the minimum regulatory requirement of Rs. 500 million by an amount of Rs. 109.2 million. The amount of loss and equity reported does not include the effect of matter discussed in para (a) above. Further, the Company has applied for and is awaiting the renewal of its leasing license which had expired on 14 May 2009. These factors cast doubt about the ability of the Company to continue its business as a going concern. However, the financial statements have been prepared on a going concern basis in consideration of reasons as explained in note 1.1.

Lahore: November 16, 2009

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Balance Sheet
As at 30 June 2009

	Note	2009 Rupees	2008 Rupees
Non - current assets			
Fixed assets			
Property and equipment	5	**110,710,489**	124,078,819
Intangible asset	5	**838,083**	33,204,684
		111,548,572	157,283,503
Net investment in lease finance	6	**1,268,188,537**	2,570,723,183
Long term finances	7	**208,440,998**	563,347,630
Long term investments	8	**162,976,000**	279,992,000
Long term deposits		**2,625,919**	4,159,629
Long term advances	9	**124,556,726**	97,379,318
Deffered tax asset	10	**319,786,341**	55,366,202
		2,086,574,521	3,570,967,962
		2,198,123,093	3,728,251,465
Current assets			
Current maturities of non - current assets	11	**2,699,549,029**	2,060,767,185
Short term finances	12	**329,846,962**	384,634,120
Short term placements	13	**102,727,368**	500,425,308
Short term investments	14	**399,883,028**	569,891,146
Taxation - net		**35,716,713**	33,097,670
Markup accrued	15	**72,741,297**	37,070,524
Advances, prepayments and other receivables	16	**477,951,701**	681,939,159
Cash and bank balances	17	**158,792,127**	93,288,773
		4,277,208,225	4,361,113,885
		6,475,331,318	8,089,365,350
Equity and liabilities			
Share capital	18	**585,528,730**	585,528,729
Reserves	19	**(204,798,436)**	510,079,888
		380,730,294	1,095,608,618
Suplus on revaluation of assets-net		**10,152,041**	7,243,576
		390,882,335	1,102,852,194
(Deficit) on revaluation of investments	20	**(230,775,972)**	(120,299,798)
Non - current liabilities			
Term finance certificates	21	**552,962,982**	145,632,592
Long term certificates of investment	22	**232,808,673**	100,753,970
Long term borrowings	23	**545,535,711**	601,481,188
Long term deposits	24	**732,830,573**	1,026,219,481
Pre- IPO Subscription of Term Finance Certificates		**-**	449,910,000
Staff service costs	25	**7,183,212**	6,592,003
Puchase of intangible assets		**2,071,321,151**	2,330,589,234
Current liabilities			
Current maturities of long term liabilities	26	**1,223,278,408**	1,648,256,153
Short term certificates of investment	27	**1,027,286,339**	1,042,181,991
Short term borrowings	28	**1,826,483,752**	1,911,402,172
Markup accrued	29	**137,105,415**	93,231,842
Trade and other payables	30	**29,749,890**	81,151,562
		4,243,903,804	4,776,223,720
		6,315,224,955	7,106,812,954
Contingencies and commitments	31		
		6,475,331,318	8,089,365,350

The annexed notes 1 to 47 form an integral part of these financial statements. The parameters used for determination of the value of equity securities held as available for sale and the information about impairment loss and its impact on profit and loss account is disclosed in note 14.3.1.

CHIEF EXECUTIVE **DIRECTOR**

Profit and Loss Account

For the year ended 30 June 2009

	Note	**2009 Rupees**	2008 Rupees
Revenue			
Income from lease operations	32	**454,881,663**	485,896,175
Income from investments	33	**43,421,228**	273,909,750
Income from Term Finance	34	**173,007,949**	44,110,976
Income from brokerage		**-**	54,295,141
Other income	35	**23,546,627**	90,838,641
		694,857,467	949,050,683
Expenditure			
Finance cost	36	**875,119,007**	538,472,941
Administrative and operating expenses	37	**173,143,442**	193,656,016
Depreciation and amortization	5.1	**16,279,688**	17,769,658
Other charges	38	**4,218,967**	1,030,487
		1,068,761,104	750,929,102
Operating (loss)/profit before provisions and taxation		**(373,903,637)**	198,121,581
Provision for potential lease and term loan losses		**(311,710,389)**	(40,125,830)
Provision for appreciation/(diminution) in the value of investments		**(60,000,000)**	(527,614)
Impairment on available for Investment		**(230,775,972)**	(16,622,059)
(Deficit) on revaluation of held for trading investments		**-**	(74,721,716)
		(602,486,361)	(131,997,219)
(Loss)/Profit before taxation		**(976,389,998)**	66,124,362
Provision for taxation	39	**261,164,286**	83,658,581
(Loss)/Profit after taxation		**(715,225,712)**	149,782,943
(Loss)/Earnings per share - basic	40	**(12.22)**	2.56

The annexed notes 1 to 47 form an integral part of these financial statements. The parameters used for determination of the value of equity securities held as available for sale and the information about impairment loss and its impact on profit and loss account is disclosed in note 14.3.1.

CHIEF EXECUTIVE **DIRECTOR**

Cash Flow Statement

For the year ended 30 June 2009

	2009 Rupees	2008 Rupees
Cash flows from operating activities		
(Loss)/Profit before taxation	**(976,389,998)**	66,124,361
Adjustments for non cash items:		
Depreciation and amortization	**16,279,688**	17,769,658
Amortization of transaction costs of term finance certificates	**5,852,674**	3,733,019
Provision for staff service costs	**3,987,335**	8,817,108
Provision for doubtful receivables	**311,710,389**	40,125,830
Lease receivables written off	**4,218,967**	1,020,487
Provision for diminution in the value of investments	**60,000,000**	527,614
Finance cost	**875,119,007**	538,472,941
Profit on sale of property and equipment	**(3,872,608)**	(22,448,499)
Profit on sale of intangible assets	**(5,900,000)**	-
Diminution on revaluation of held for trading investments	**-**	74,721,716
Impairment on available for sale investments	**230,775,972**	16,622,059
Gain on sale of available for sale investments	**-**	(9,472,666)
	1,498,171,424	669,889,267
Operating profit before working capital changes	**521,781,426**	736,013,628
Changes in operating assets and liabilities		
(Increase) / decrease in:		
Long term investments	**57,016,000**	(291,434,076)
Short term placements and short term investments	**226,453,912**	133,152,428
Markup accrued	**(35,670,773)**	(19,526,255)
Advances, prepayments and other receivables	**160,495,556**	(24,485,477)
Long term and short term finances	**65,737,370**	(392,443,141)
Net investment in lease finance	**436,030,189**	(668,633,512)
Certificates of investment	**117,159,051**	573,542,054
	1,027,221,305	(689,827,979)
Decrease in trade and other payables	**(51,316,299)**	(149,324,726)
	975,905,006	(839,152,705)
Cash generated/(used) in operations	**1,497,686,432**	(103,139,077)
Finance cost paid	**(831,245,434)**	(499,422,634)
Taxes paid	**(2,619,044)**	(5,568,442)
Staff service costs paid	**(3,396,126)**	(6,244,698)
	(837,260,604)	(511,235,774)
Net cash generated from/(used) in operating activities	**660,425,828**	(614,374,851)

	Note	**2009 Rupees**	2008 Rupees
Cash flows from investing activities			
Purchase of property and equipment		**(18,102,847)**	(51,316,084)
Purchase of Intangible assets		**(121,500)**	(2,510,550)
Long term advances		**(27,177,408)**	(59,354,318)
Long term deposits		**1,533,710**	(193,801)
Sale proceeds of fixed assets		**19,163,880**	-
Sale proceeds of intangible assets		**38,288,317**	50,763,300
Net cash generated from/(used) in investing activities		**13,584,152**	(62,611,453)
Cash flows from financing activities			
Long and short term borrowings		**(555,318,309)**	358,903,083
Issue of term finance certificates		**-**	450,000,000
Redemption of term finance certificates		**(42,579,610)**	(290,375,000)
Dividends paid		**(85,373)**	(70,263,447)
Net cash (used in)/generated from financing activities		**(597,983,292)**	448,264,636
Net increase/(decrease) in cash and cash equivalents		**76,026,688**	(228,721,668)
Cash and cash equivalents at the beginning of the year		**(238,927,900)**	(10,206,232)
Cash and cash equivalents at the end of the year	42	**(162,901,213)**	(238,927,900)

The annexed notes 1 to 47 form an integral part of these financial statements. The parameters used for determination of the value of equity securities held as available for sale and the information about impairment loss and its impact on profit and loss account is disclosed in note 14.3.1.

CHIEF EXECUTIVE **DIRECTOR**

Statement of Changes in Equity

For the year ended 30 June 2009

	Share capital	Share premium	Statutory reserve	General reserve	Un-appropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2007	468,422,984	70,714,920	176,801,731	61,000,000	239,124,294	1,016,063,929
Transfer from surplus on revaluation of fixed assets to unappropriated profit -net of tax	-	-	-	-	25,194	25,194
Final dividend @ 15% (Rs 1.50 per share) for the year ended 30 June 2007	-	-	-	-	(70,263,447)	(70,263,447)
Bonus shares @ 25% issued for the year ended 30 June 2007	117,105,746	(70,714,920)	-	-	(46,390,826)	-
Net profit for the year	-	-	-	-	149,782,942	149,782,942
Transfer to statutory reserve	-	-	29,956,588	-	(29,956,588)	-
Balance as at 30 June 2008	585,528,730	-	206,758,319	61,000,000	242,321,569	1,095,608,618
Transfer from surplus on revaluation of fixed assets to unappropriated profit -net of tax	-	-	-	-	347,388	347,388
Net loss for the year	-	-	-	-	(715,225,712)	(715,225,712)
Balance as at 30 June 2009	**585,528,730**	**-**	**206,758,318**	**61,000,000**	**(472,556,755)**	**380,730,294**

CHIEF EXECUTIVE **DIRECTOR**

Notes to the Financial Statements
For the year ended 30 June 2009

1 The Company's Operations and registered office

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 23-D/1-A, Gulberg III, Lahore. The Company is mainly engaged in the business of leasing and 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).

Pakistan Credit Rating Agency Limited has maintained the long term credit rating of the Company at "A-"(Single A minus), while short term credit rating has also been maintained at "A2"(A two). Rating of term finance certificate II and III has been maintained at "A"(Single A) with negative outlook.

1.1 Going concern assumption

The financial statements for the year ended 30 June 2009 reflect loss after taxation of Rs. 715.226 million because of which the equity of the Company as of that date has fallen below the minimum regulatory requirement of Rs. 500 million by an amount of Rs. 109.2 million. Further, the Company has applied for and is awaiting for the renewal of its leasing license which had expired on 14 May 2009.

With regard to constraint in minimum equity requirement for doing business, the sponsor shareholders have expressed their commitment to fulfill the minimum equity requirement through increase in capital. The sponsors have executed agreement with the management of the Bank and provided the title documents of the land having market value of Rs. 217 million in order to use the aforesaid land for the future enhancement of equity. On the other hand a foreign investment company has expressed its interest to invest in the equity of the Bank with 100% right issue amounting to Rs. 585 million and negotiations are at advanced stage.

Additionally, the management is working to market the preference shares of Rs. 700 million inclusive of Rs. 200 million of green shoe option which has been approved in minutes of Board of Directors and by members in EOGM.

The business plan for five years which has been approved by the Board, projects profitable operations and positive equity by June 2010. The management expects that after the restructuring, the requirement for minimum capital shall be met and the leasing license will be renewed. Accordingly, the financial statements have been prepared on a going concern basis.

2 Statement of compliance

2.1 Statement of compliance

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, except for the disclosure requirement of Clause 3C of Part II of the Fourth Schedule of the Companies Ordinance, 1984 in respect of which Securities and Exchange Commission of Pakistan (SECP) has given exemptions to all NBFCs' vide its letter No. SC/NBFC/-1/R/2005, dated 29 August 2005, 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 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 to Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 Standards, Interpretations and amendments to published approved accounting standards

Relevant but not yet effective

IAS 1 "Presentation of Financial Statements" effective for annual periods beginning on or after 01 January 2009 revises the existing IAS 1 and requires, apart from changing the names of certain components of financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in comprehensive Income Statement. Adoption of the above standard will only effect the presentation of financial statements.

Not relevant and not yet effective

The following standards, amendments and interpretations to approved accounting standards, effective for accounting periods beginning on or after 1 July 2009 are either not relevant to the NBFC operations or are not expected to have significant impact on the NBFC's financial statements other than certain increased disclosures only:

Standards or interpretation

IFRS 2 (amendment) - Share based payments
IFRS 3 (amendment) - Business Combinations
IFRS 8 - Operating Segments
IAS 27 - Consolidated and separate financial statements
IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1- Presentation of Financial Statements
IFRIC 15 - Accounting for Agreements for the Construction of Real Estate
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

In addition to above, International Accounting Standards Board made certain amendments to existing standards and interpretations as part of its first and second annual improvements projects. These amendments are unlikely to have impact on the Company's financial statements.

3 Basis of measurement

3.1 Accounting convention

The 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 and contingencies	4.5
-	Staff retirement benefits (Gratuity)	4.14
-	Impairment	4.20

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 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.

Depreciation is charged from the month when assets are available for use upto the month in which the assets are 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 year amortization is charged from the year when assets are available for use and no amortization will be charged in the year in which the assets are disposed off.

4.4 Financial instruments

Financial assets

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

Financial liabilities

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

Recognition and derecognition

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

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

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Corresponding income on assets and charge on liability are reported at net amount.

4.5 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.

4.6 Investments

The Company classifies its investments as held to maturity, available for sale, held for trading and loans and receivables.

Initial measurement

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

Subsequent measurement

Simple investment

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.

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 profit and loss account.

Available-for-sale

Investments which can not be classified as loans and receivables, 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 surplus/deficit arising as a result of revaluation of held for trading investments is taken to profit and loss account. Furthermore, the surplus/deficit on revaluation of available for sale and held to maturity securities is taken to "Surplus/Deficit on revaluation of Investments" account. However, any permanent diminution in the value of available for sale or held to maturity securities is provided for by charging it to the profit and loss account. The measurement of surplus/deficit is done on portfolio basis for each of the above three categories separately.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 Repossessed assets

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

4.12 Revenue recognition

Finance leases

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

Capital gains and losses on sale of investments

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

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 and reverse repo transactions

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

Guarantee commission

Commission income from guarantee is recognized on time proportion basis.

Dividend Income

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

4.13 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.

4.14 Staff retirement benefits

Defined benefit plan

Gratuity fund

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

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

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

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'.

4.15 Provision for potential lease losses and loans

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

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

4.16 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.

4.17 Borrowing costs

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

4.18 Transactions with related parties and transfer pricing

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

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

4.19 Foreign currency translation

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

4.20 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.

4.21 Dividends

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

4.22 Bonus shares

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

	Note	**2009** **Rupees**	2008 **Rupees**
5 Fixed assets			
Property and equipment	5.1	**110,710,489**	124,078,819
Intangible	5.1	**838,083**	33,204,684
		111,548,572	157,283,503

5.1 Property and equipment

PARTICULARS	COST					DEPRECIATION						
	As at 1 July 2008	Additions/ Surplus during the year	Revalu- ation Surplus	Deletions during the year	As at 30 June 2009	As at 1 July 2008	For the year	Incremen- tal deprici- ation	Deletions	As at 30 June 2009	Book value as at 30 June 2009	Depre- ciation rate
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	%
Owned												
Land	22,000,000	-	-	-	22,000,000	-	-	-	-	-	22,000,000	
Building on freehold land	26,790,450	-	-	-	26,790,450	1,838,024	945,055	-	-	2,783,079	24,007,371	5
Leasehold improvements	22,704,878	6,681,465	-	(529,660)	28,856,683	6,271,637	4,289,939	-	(95,881)	10,465,695	18,390,988	20
Office equipment and machines	22,582,955	1,295,452	-	(5,725,766)	18,152,641	8,714,951	2,113,869	-	(1,534,120)	9,294,700	8,857,941	20
Furniture and fixtures	17,727,474	271,015	-	(1,678,110)	16,320,379	5,014,626	1,167,948	-	(427,985)	5,754,589	10,565,790	10
Air-conditioning equipment	6,931,232	166,240	-	(746,789)	6,350,683	1,540,231	495,876	-	(148,326)	1,887,781	4,462,902	10
Vehicles	42,576,272	9,688,674	-	(13,064,490)	39,200,456	13,854,973	7,167,217	-	(4,247,231)	16,774,959	22,425,497	20
2009	**161,313,261**	**18,102,846**	**-**	**(21,744,815)**	**157,671,292**	**37,234,442**	**16,179,904**	**-**	**(6,453,543)**	**46,960,803**	**110,710,489**	

PARTICULARS	COST					DEPRECIATION						
	As at 1 July 2007	Additions during the year	Revalu- ation Surplus	Deletions during the year	As at 30 June 2008	As at 1 July 2007	For the year	Incremen- tal deprici- ation	On deletions	As at 30 June 2008	Book value as at 30 June 2008	Depre- ciation rate
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	%
Owned												
Land	-	(2,223,751)	24,223,751	-	22,000,000	-	-	-	-	-	22,000,000	
Building on freehold land	44,941,014	9,573,929	-	(27,724,493)	26,790,450	3,376,198	1,048,284	25,194	(2,586,458)	1,838,024	24,952,426	5
Leasehold improvements	15,974,809	6,730,069	-	-	22,704,878	2,888,518	3,383,119	-	-	6,271,637	16,433,241	20
Office equipment and machines	17,963,161	4,799,694	-	(179,900)	22,582,955	5,774,692	2,985,860	-	(45,601)	8,714,951	13,868,004	20
Furniture and fixtures	16,097,327	1,773,791	-	(143,644)	17,727,474	3,740,945	1,334,675	-	(60,994)	5,014,626	12,712,848	10
Air-conditioning equipment	4,577,164	2,425,768	-	(71,700)	6,931,232	1,163,373	405,623	-	(28,765)	1,540,231	5,391,001	10
Vehicles	35,513,840	14,537,456	-	(7,475,024)	42,576,272	10,062,467	8,350,646	-	(4,558,140)	13,854,973	28,721,299	20
2008	135,067,315	37,616,956	24,223,751	(35,594,761)	161,313,261	27,006,193	17,508,207	25,194	(7,279,958)	37,234,442	124,078,819	

Intangible

PARTICULARS	COST				AMORTIZATION				
	As at 1 July 2008	Additions during the year	Deletions during the year	As at 30 June 2009	As at 1 July 2008	For the year	Deletions	As at 30 June 2009	Book value as at 30 June 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Lahore Stock Exchange Membership	30,100,000	-	30,100,000	-	-	-	-	-	-
Software Licences	3,461,200	121,500	2,288,317	1,294,383	356,516	99,784	-	456,300	838,083
2009	**33,561,200**	**121,500**	**32,388,317**	**1,294,383**	**356,516**	**99,784**	**-**	**456,300**	**838,083**

PARTICULARS	COST				AMORTIZATION				
	As at 1 July 2007	Additions during the year	Deletions during the year	As at 30 June 2008	As at 1 July 2007	For the year	Deletions	As at 30 June 2008	Book value as at 30 June 2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Lahore Stock Exchange Membership	30,100,000	-	-	30,100,000	-	-	-	-	30,100,000
Software licences	950,650	2,510,550	-	3,461,200	95,065	261,451	-	356,516	3,104,684
2008	31,050,650	2,510,550	-	33,561,200	95,065	261,451	-	356,516	33,204,684

5.1.1 Gain on disposal of fixed assets

Description	Cost Rupees	Book value Rupees	Sale proceeds Rupees	Gain / (loss) Rupees	Mode of disposal	Sold to
Assets with book value Exceeding Rs. 50,000						
Furniture						
Furniture - GMB	513,714	339,556	419,585	80,029	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Furniture - Brokerage Division	900,406	698,647	776,726	78,079	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Furniture - Brokerage House (Islamabad Brokerage)	150,340	138,978	168,000	29,022	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Air Conditioners						
Air Conditioners - R.O	184,000	120,723	120,723	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Air Conditioner - Brokerage Division	197,600	133,537	133,537	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Air Conditioners - Brokerage Div. (Islamabad)	126,127	115,616	115,616	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Generator - Mandi B. Udin Brokerage	83,000	81,617	81,617	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Generator - Multan Brokerage	83,000	81,617	81,617	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Lease Hold Premises						
Aziz Avenue	205,260	174,471	174,471	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Brokerage (Islamabad Br.)	165,400	140,590	140,590	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
LSE Room - 518	159,000	118,720	124,770	6,050	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equipments						
Printers - Brokerage + H.O	103,750	52,128	63,464	11,336	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
UPS Batteries - Brokerage + H.O	117,850	57,127	81,000	23,873	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Phone & Fax - Brokerage Div.	310,950	146,528	225,768	79,240	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Computers (Brokerage Division)	2,494,636	1,858,176	2,069,211	211,035	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Printers (Brokerage Division)	89,050	60,444	77,098	16,654	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Optic Fibre Accessories -Brokerage House	258,000	151,360	225,291	73,931	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Call Recoder Device - Brokerage House	252,000	176,134	252,000	75,866	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-UPS Batteries (Brokerage Div)	103,100	77,173	103,100	25,927	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Call Recoding Device - Brokerage Houses-FSD Branch	179,600	140,547	179,600	39,053	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Call Recoding Device - LSE Office	179,600	140,873	179,600	38,727	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Call Recoding Device - (Brokerage Houses-ISB.)	160,000	128,000	160,000	32,000	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-Multimedia Projector (Brokerage House-ISB Br.)	210,000	171,500	210,000	38,500	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-Computers (Brokerage - Isb Br.)	104,100	88,485	104,100	15,615	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-UPS (F.C.E.L Karachi)	137,000	118,733	137,000	18,267	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-Computers (F.C.E.L Karachi)	297,500	257,834	297,500	39,666	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)

Description	Cost Rupees	Book value Rupees	Sale proceeds Rupees	Gain / (loss) Rupees	Mode of disposal	Sold to
Equip-Computers (LSE-Room # 518)	84,500	73,233	84,500	11,267	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-Call Recording Device (Multan Brokerage Div)	60,060	57,057	60,060	3,003	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-Call Recording Device (Rwp Brokerage Div)	60,060	57,057	60,060	3,003	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Equip-Call Recording Device (Multan Brokerage Div)	58,600	56,028	58,600	2,572	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicles						
Vehicle-Honda City	855,500	513,300	795,500	282,200	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-Honda VTI 1800	969,000	678,300	950,000	271,700	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-LEC 3028	725,000	676,667	800,000	123,333	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-Honda CG 125	70,890	66,164	70,000	3,836	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-Honda City	906,000	860,700	1,030,000	169,300	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-Toyota Corolla XLI 133	945,725	898,439	1,030,000	131,561	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-Suzuki Mehran VXR	456,800	441,853	498,452	56,599	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-LRN 3426	496,000	-	302,000	302,000	Negotiation	Mr. Sabir Malik
Vehicle-LZL- 389	790,500	118,575	480,000	361,425	Negotiation	Mr. Muhammad Umar
Vehicle-Suzuki LEC 9170	419,050	300,334	370,000	69,666	Negotiation	Mr. Farhan Baig
Vehicle-LES 3005	421,000	322,767	405,000	82,233	Negotiation	Mr. Muhammad Nawaz
Vehicle-LEA 8381	685,000	388,166	600,000	211,834	Negotiation	Mr. Nasir Gulzar
Vehile-Motor Cycle LZX 4093	73,000	-	24,850	24,850	Negotiation	Mr. Ashfaq Ahmad
Vehicle-Suzuki Cultus	703,705	504,322	504,322	-	Negotiation	Trust Capital (Pvt) Ltd. (wholly owned subsidiary)
Vehicle-LZT 3138	325,000	297,917	235,000	(62,917)	Negotiation	Mr. Malik Siraj
Vehicle-LZV 251	750,000	675,000	760,000	85,000	Negotiation	Mr. Aamir Iqbal
Vehicle- LED 9368	840,500	532,317	865,000	332,683	Negotiation	Mr. Hafeez Ahmad
Vehicle- LEB 6494	663,000	375,700	610,000	234,300	Negotiation	Mr. Aamir Mirza
Vehicle-LEF-8276	724,000	470,600	525,000	54,400	Negotiation	Mr. Hafeez Ahmad
Vehicle-LEE 5320	1,046,720	628,032	700,000	71,968	Negotiation	Mr. Mudassir Hussain Naqvi
Assets with book value below Rs. 50,000	850,222	529,632	643,554	113,922	Negotiation	Various
2009	**21,744,815**	**15,291,274**	**19,163,882**	**3,872,608**		

Description	Cost Rupees	Book value Rupees	Sale proceeds Rupees	Gain / (loss) Rupees	Mode of disposal	Sold to
Assets with book value exceeding Rs. 50,000						
Buildings						
Plot at Kot Shabudin	15,165,000	14,977,790	22,725,000	7,747,210	Negotiation	Ch.Munawar Iqbal
7-B/5 Aziz Avenue	12,559,493	10,160,245	23,000,000	12,839,755	Negotiation	M/S Crescent Powertech Limited
Equipments						
Telephone Exchange	162,000	131,175	70,000	(61,175)	Negotiation	Panasonic Media Solution
Vehicles						
Vehicle-LZA-9669	790,500	250,325	560,000	309,675	Company Policy	Abdul Rauf Ghani
Vehicle-LZC-3883	790,500	250,325	560,000	309,675	Company Policy	Abdul Aziz Khan Niazi
Vehicle-LWE-6740	1,282,500	726,750	875,000	148,250	Company Policy	Rashid Ahmed
Vehicle-LZZ-955	830,500	415,250	580,000	164,750	Company Policy	Mudassir kaiser Pal
Vehicle-LEC-9157	396,050	376,247	365,000	(11,247)	Stolen	New Jubliee Insurance
Vehicle-LWO-9825	881,124	543,360	600,000	56,640	Negotiation	Mirza Talat Mehmood Baig
Vehicle-LRK-701	1,174,000	-	721,000	721,000	Negotiation	Sumaira Amjad
Vehicle-LZN-6613	1,329,850	354,627	676,000	321,373	Negotiation	Arshad Ali
Assets with book value below Rs. 50,000	233,244	128,707	31,300	(97,407)	Negotiation	Various
2008	35,594,761	28,314,801	50,763,300	22,448,499		

		Note	**2009** **Rupees**	2008 Rupees
6	**Net investment in lease finance**			
	Lease payments receivable	6.1	**3,549,148,555**	4,420,396,057
	Add: Residual value		**1,079,980,989**	1,223,377,097
	Gross investment in leases		**4,629,129,544**	5,643,773,154
	Less: Unearned finance income		**467,045,140**	767,135,109
	Income suspended	6.2	**157,774,028**	138,212,086
	Provision for potential lease losses	6.3	**266,644,185**	113,042,667
			891,463,353	1,018,389,862
	Net investment in lease finance		**3,737,666,191**	4,625,383,292
	Less: Current portion of net investment in lease finance	11	**2,469,477,654**	2,054,660,109
			1,268,188,537	2,570,723,183

	30 June 2009			
	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	**2,711,791,282**	**1,917,338,262**	**-**	**4,629,129,544**
Less: Unearned finance income	**242,313,628**	**224,731,512**	**-**	**467,045,140**
	2,469,477,654	**1,692,606,750**	**-**	**4,162,084,404**

	30 June 2008			
	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	1,604,856,731	4,038,916,423	-	5,643,773,154
Less: Unearned finance income	400,316,893	366,818,216	-	767,135,109
	1,204,539,838	3,672,098,207	-	4,876,638,045

6.1 The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 26.76% (2008: 6.75% to 24%) 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.

All the leases are secured against demand promissory notes of the lessees and personal guarantees of the directors and in case of individual lessees two personal guarantees. Whereas, certain leases are additionally secured by mortgage of immovable property.

	Note	2009 Rupees	2008 Rupees
6.2 Income suspended			
Balance at the beginning of the year		**138,212,086**	161,531,804
Charge for the year		**47,067,618**	54,335,852
Reversal of suspension		**(27,505,676)**	(77,655,570)
Balance at the end of the year		**157,774,028**	138,212,086
6.3 Provision for potential lease losses			
Balance at the beginning of the year		**113,042,667**	80,900,962
Current year potential lease loss provision		**218,596,822**	43,046,419
Provision reversed during the year		**(60,776,337)**	(9,884,227)
Provision written off during the year		**(4,218,967)**	(1,020,487)
Balance at the end of the year		**266,644,185**	113,042,667

7 Long term finances

	Note	2009 Rupees	2008 Rupees
Employees - considered good	7.1	**22,822,700**	24,223,751
Others			
Secured - considered good	7.2	**415,415,844**	544,930,955
Unsecured - considered good		**273,829**	300,000
Secured - considered doubtful		**4,773,829**	-
Less: Provision against doubtful finances	7.3	**4,773,829**	-
		-	-
		438,512,373	569,454,706
Less : current maturity	11	**230,071,375**	6,107,076
		208,440,998	563,347,630

7.1 These represent long term finances provided to employees against mortgage of property. These carry mark-up ranging from 4% to 17.18% (2008: 4% to 14.72%) per annum. The maximum aggregate balance due from the chief executive is Rs. 4.77 million (2008: 5.74 million) and executives is Rs. 13.61 million (2008: 15.60 million).

Loan to the employees includes the house loan to the Ex-chief executive amounting to Rs. 4.77 million outstanding as on 30 June 2009 and carries mark-up at the rate of 4% to 10%.

7.2 These include long term finances provided to individuals against mortgage of property. These carry mark-up ranging from 14.00% to 28.69% (2008: 11.75% to 29%) per annum.

		Note	2009 Rupees	2008 Rupees
7.3	**Movement in provision against doubtful finances**			
	Opening balance		**-**	-
	Charge for the year		**4,773,829**	-
	Closing balance		**4,773,829**	-

8 Long term investments

	Note	2009 Rupees	2008 Rupees
Investment in Bonds and Term Finance Certificates	8.1	**162,976,000**	279,992,000
Trust Capital (Pvt) Limited	8.2	**-**	-
		162,976,000	279,992,000

8.1 Investment in Bonds and Term Finance Certificates

	Note	2009 Rupees	2008 Rupees
Sukuk Bonds and TFCs-Unlisted			
Held to maturity			
TFC-Dewan Cement Limited	8.1.1	**40,000,000**	50,000,000
Sukuk Bonds New Allied Electronic Industries (Pvt) Limited	8.1.2	**20,000,000**	20,000,000
Sukuk Bonds Amtex Limited	8.1.3	**-**	75,000,000
Sukuk Eden Housing Limited	8.1.4	**50,000,000**	50,000,000
TFC-Azgard Nine Limited	8.1.5	**39,976,000**	39,992,000
TFC-Gharibwal Cement Limited	8.1.6	**-**	25,000,000
TFC-Grays Leasing Limited	8.1.7	**13,000,000**	20,000,000
		162,976,000	279,992,000

8.1.1 TFC-Dewan Cement Limited

	2009 Rupees	2008 Rupees
Cost	**50,000,000**	50,000,000
Less: Provision	**(10,000,000)**	-
Closing balance	**40,000,000**	50,000,000

Represents Term Finance Certificates issued by Dewan Cement Company for a tenure of 6 years inclusive of a grace period of 1.5 years at the rate of 6 month KIBOR + 200 bps. The Pakistan Credit Rating Agency Limited assigned a rating of "CC" (double C).

8.1.2 Represents secured privately placed Sukuk Bonds issued by New Allied Electronics Industries (Pvt) Limited for a period of five years at the rate of 3 month KIBOR + 260 bps JCR-VIS Credit Rating Agency Limited assigned a rating of "D" (Default).

8.1.3 Represents secured privately placed Sukuk Bonds issued by Amtex Limited for a period of five years inclusive of a grace period of 2 years at the rate of 3 month KIBOR + 200 bps with a floor of 11% and a cap of 25%. This has been sold during the year.

8.1.4 Represents secured privately placed Sukuk Bonds issued by Eden Housing Limited for a period of five years inclusive of a grace period of 1 year at the rate of 6 month KIBOR + 250 bps with a floor of 7% and a cap of 20%. JCR-VIS Credit Rating Agency Limited assigned a rating "A" (Single A).

8.1.5 Represents secured privately placed Term Finance Certificates issued by Azgard Nine Limited for a tenure of 7 years inclusive of a grace period of 2 years at the rate of 6 month KIBOR + 225 bps with no floor and cap.The Pakistan Credit Rating Agency Limited assigned a rating of "AA-" (double A minus).

8.1.6 Represents secured Term Finance Certificates issued by Gharibwal Cement Limited for a period of 5 years inclusive of a grace period of 2 years at the rate of 6 month KIBOR + 300 bps. This has been sold during the year.

8.1.7 Represents secured privately placed Term Finance Certificates issued by Grays Leasing Limited for a period of 3 years at the rate of 6 month KIBOR + 250 bps with no floor and no cap. JCR-VIS Credit Rating Agency Limited assigned a rating "BBB+" (Triple B plus).

	Note	**2009 Rupees**	2008 Rupees
8.2 Unquoted shares - at cost			
Trust Capital (Private) Limited		**60,000,000**	-
Less: Provision for diminution in the value of investment	8.2.1	**60,000,000**	-
		-	-
8.2.1 Opening balance		**-**	-
Charge for the year		**60,000,000**	-
Closing balance		**60,000,000**	-

9 Long term advances

Long term advances represent Rs.124.556 million (2008: Rs. 97.379 million) paid to Tricon Developers against purchase of office space in Tricon Corporate Centre.

	Note	2009 Rupees	2008 Rupees

10 Deferred tax assets

		2009 Rupees	2008 Rupees
Taxable temporary differences on fixed assets		**(7,431,479)**	(7,363,521)
Deductible temporary difference on investments		**106,059,090**	6,420,556
Deductible temporary differences on finances and receivables		**-**	23,727,925
Taxable temporary differences on leasing finance		**(340,933,342)**	(719,597,906)
Deductible temporary difference on tax losses		**641,128,540**	752,179,148
		398,822,809	55,366,202

10.1 Movement in deferred tax asset

	2009 Rupees	2008 Rupees
Opening balance	**55,366,202**	(25,036,526)
Provision during the year	**261,164,286**	80,402,728
Reversed during the year	**3,255,853**	-
Closing balance	**319,786,341**	55,366,202

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are reconginzed to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company has not recognized deferred tax asset of Rs.79.036 million in respect of tax losses, as sufficient tax profits would not be available to set these off in the foreseeable future liabilities subsequent to years 2009 through 2013. Tax losses amounting to Rs.52.58 million, Rs.12.46 million, Rs.286.97 million, Rs.451.05 million expire in year 2010, 2011, 2012 and 2013 respectively.

11 Current maturities of non-current assets

	Note	2009 Rupees	2008 Rupees
Long term finances	7	**230,071,375**	6,107,076
Net investment in lease finance	6	**2,469,477,654**	2,054,660,109
		2,699,549,029	2,060,767,185

12 Short term finances

	Note	2009 Rupees	2008 Rupees
Employees - considered good	12.1	**558,332**	804,120
Others			
Secured - considered good	12.2	**327,915,323**	383,830,000
Secured - considered doubtful		**2,366,634**	650,000
Less: Provision against doubtful finance	12.3	**993,327**	650,000
		1,373,307	-
		329,846,962	384,634,120

12.1 These represent staff loans to employees against their retirement benefits. These carry mark-up ranging from 13.00% to 18.64% (2008 : 11.99% to 13.65%) per annum.

12.2 These include short term finances provided to individuals against their certificates of investment and mortgage of property. These carry mark-up ranging from 14% to 22.48% (2008 : 12.53% to 20%) per annum.

	Note	**2009 Rupees**	2008 Rupees
12.3 Movement in provision against doubtful finances			
Opening balance		**650,000**	650,000
Charge for the year		**343,327**	-
Closing balance		**993,327**	650,000

13 Short term placements - considered good

Secured			
Continuous funding system		**-**	139,437,308
Securities purchased under reverse repurchase agreements	13.1	**102,727,368**	360,988,000
		102,727,368	500,425,308

13.1 These represent short term funds placed under reverse repurchase agreements and carry an effective yield ranging from 14% to 25% (2008: 9.2% to 18.88%) on an average basis per annum.

Fair value of quoted securities held as collateral against lending on reverse repurchase agreement:

Quoted Shares

These have been placed for a period upto one year		**148,166,089**	559,282,482

14 Short term investments

Held for trading	14.1	**-**	98,271,493
Available for sale			
Government treasury bills	14.2	**178,260,000**	-
Listed shares / units			
Opening balance		**683,174,972**	608,541,510
Impairment loss charged to profit and loss account		**-**	(16,622,059)
Cost		**683,174,972**	591,919,451
(Deficit) on revaluation of investments		**(230,775,972)**	(120,299,798)
Impairment loss		**(230,775,972)**	-
	14.3	**221,623,028**	471,619,653
		399,883,028	569,891,146

14.1 Held for trading

	Shares/Units		Cost		Fair value	
	2009	2008	**2009**	2008	**2009**	2008
	Number	Number	**Rupees**	Rupees	**Rupees**	Rupees
Name of investee company						
Energy and power						
National Refinery Limited	-	22,000	-	8,572,960	-	6,544,340
Commercial Banks						
My Bank Limited	-	1,400,250	-	33,003,893	-	26,464,725
NIB Bank Limited	-	136,620	-	-	-	1,553,369
Samba Bank Limited	-	2,363,000	-	52,692,183	-	24,929,650
Investment Companies						
Arif Habib Securities Limited	-	85	-	14,338	-	13,728
Pervez Ahmed Securities Limited	-	98,793	-	-	-	4,897,169
Insurance						
Adamjee Insurance Company Limited	-	30,000	-	8,716,695	-	8,121,601
Cable and Electronics						
Pak Electron Limited	-	55,475	-	3,816,680	-	3,106,601
Automobiles						
Pak Suzuki Motors Company Limited	-	189,000	-	66,176,460	-	22,640,310
	-	4,295,223	-	172,993,209	-	98,271,493

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

14.1.2 Include shares of Rs. Nil (2008: 24.52 million) deposited with Bank Al-Habib Limited and Habib Bank Limited for overdraft facility.

14.1.3 During the year investments classified as held for trading having cost of Rs. 172,993,209 and market value of Rs. 98,271,493 were transferred to investments - available for sale as allowed under BSD Circular no.10 of 2004.

14.2 These represents Government treasury bills of face value of Rs. 200 million purchased for Rs. 178,260 million (2008: Nil) at discount. These are secured against money market borrowing made from Pak Oman Investment Company Limited.

14.3 Available for sale

	Shares/Units		Cost		Fair value	
	2009	2008	**2009**	2008	**2009**	2008
	Number	Number	**Rupees**	Rupees	**Rupees**	Rupees
Name of investee company						
Fertilizer						
Engro Chemicals Pakistan Limited	**348,740**	249,100	**86,665,143**	84,613,604	**44,788,678**	69,949,771
Fauji Fertilizer Company Limited	**2**	-	**-**	-	**174**	-
Energy and power						
Pakistan State Oil Limited	**86,300**	82,000	**42,907,645**	42,087,397	**18,437,995**	34,213,680
Attock Refinery Limited	**158,400**	147,000	**39,583,538**	44,081,667	**19,766,736**	36,732,360
Pakistan Refinery Limited	**45,012**	45,000	**6,813,094**	6,812,100	**4,042,078**	6,812,100
National Refinery Limited	**22,000**	-	**6,544,386**	-	**4,840,440**	-
Commercial Banks						
MCB Bank Limited	**220,097**	200,000	**85,813,733**	85,803,207	**34,121,638**	65,276,000
Bank Islami Pakistan Limited	**998,000**	998,000	**19,094,198**	19,094,198	**6,357,260**	14,780,380
My Bank Limited	**1,400,250**	-	**26,458,253**	-	**5,124,915**	-
NIB Bank Limited	**68,620**	-	780,209	-	**325,945**	-
Samba Bank Limited	**2,363,000**	-	**24,929,650**	-	**7,041,740**	-
Investment Companies						
Arif Habib Securities Limited	**462,606**	410,000	**64,832,558**	71,824,983	**12,786,430**	66,206,800
Pervez Ahmed Securities Limited	**949,043**	850,250	**63,591,030**	58,693,860	**5,020,437**	42,146,892
Jahangir Siddiqui Company Limited	**402,532**	110,000	**83,083,964**	81,825,798	**9,334,717**	58,316,500
Arif Habib Limited	**110,000**	88,000	**26,666,912**	26,666,912	**7,357,900**	21,735,120
PICIC Growth Fund	**12**	-	**-**	-	**101**	-
Insurance						
Adamjee Insurance Company Limited	**64,900**	29,000	**17,469,566**	9,341,761	**5,450,951**	7,850,900
Cement						
D. G. Khan Cement Limited	**336,000**	280,000	**19,919,200**	18,799,200	**9,962,400**	18,799,200
Textile						
Nishat Mills Limited	**335,000**	335,000	**42,274,764**	42,274,764	**12,669,700**	28,799,950
Cable and Electronics						
Pak Electron Limited	**55,475**	-	**3,106,600**	-	**1,359,692**	-
Automobiles						
Pak Suzuki Motors Company Limited	**189,000**	-	**22,640,529**	-	**12,833,100**	-
	8,614,989	3,823,350	**683,174,972**	591,919,451	**221,623,028**	471,619,653

14.3.1 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of "Floor Mechanism" by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008.

The Securities and Exchange Commission of Pakistan ("SECP") vide notification SRO 150 (1)/2009 dated 13 February 2009 allowed that the impairment loss, if any, recognized as on 31 December 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount shown under the equity including any adjustment/effect for price movements is to be taken to Profit and Loss Account on quarterly basis during the year ending 31 December 2009. The amount shown under equity at 31 December 2008 was to be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

The impairment loss based on market values as at 31 December 2008 was determined at Rs. (476.786) million and was shown under equity. Of the impairment loss existing on December 2008 an amount of Rs. (230.775) million has been charged to the profit and loss account during the year ended 30 June 2009. The amount of Rs. (230.775) million being balance impairment loss as at 30 June 2009 has been retained in deficit on revaluation of investments. In view of the "Floor Mechanism" as explained above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for "Available for Sale" equity securities through Profit and Loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss based on market values as at 30 June 2009 would have had the following effect on these financial statements:

	2009 Rupees
Effect of Impairment Loss in Profit and Loss Account	**(230,775,972)**
Effect on Tax charge for the year	**Nil**
Decrease in profit for the year	**(230,775,972)**
Increase in deficit on revaluation of Available for Sale securities	**(230,775,972)**
Decrease in Un-appropriated profit	**(230,775,972)**
Decrease in earning per share	**(3.94)**

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

14.3.3 Include shares of Rs. 152.60 million (2008: Rs. 309.27 million) deposited with Bank Al-Habib Limited and Habib Bank Limited for overdraft facility.

14.3.4 The fair values are determined with reference to quoted stock exchange prices as at 30 June 2009.

15 Markup accrued

	Note	**2009 Rupees**	2008 Rupees
Mark-up accrued on sukuk bonds and term finance certificates	15.1	**2,484,511**	9,102,971
Mark-up accrued on short term and long term finances	15.2	**63,140,610**	21,985,378
Mark-up accrued on advance against leases		**7,116,176**	5,982,175
		72,741,297	37,070,524

	Note	2009 Rupees	2008 Rupees
15.1 Mark-up accrued on sukuk bonds and term finance certificates			
Considered good		**2,484,511**	-
Considered doubtful			
Mark-up accrued on term finance certificates		**13,359,580**	-
Less: Suspension against doubtful receivables	15.1.1	**13,359,580**	-
		-	-
		2,484,511	-
15.1.1 Suspension against doubtful receivables			
Opening balance		**-**	-
Charge for the year		**13,359,580**	-
		13,359,580	-
Reversed during the year		**-**	-
Closing balance		**13,359,580**	-
15.2 Mark-up accrued on short term and long term finances			
Considered good		**63,140,610**	-
Considered doubtful			
Mark-up accrued on term finance certificates		**12,806,407**	-
Less: Suspension against doubtful receivables	15.2.1	**12,806,407**	-
		-	-
		63,140,610	-

	2009 Rupees	2008 Rupees
15.2.1 Suspension against doubtful receivables		
Opening balance	**-**	-
Charge for the year	**12,806,407**	-
	12,806,407	-
Reversed during the year	**-**	-
Closing balance	**12,806,407**	-

	Note	**2009 Rupees**	2008 Rupees
16 Advances, prepayments and other receivables			
Advance to employees-considered good		**-**	16,167
Advance against leases	16.1	**47,690,836**	98,118,169
Advance against purchase of fixed assets		**800,000**	5,023,459
Other advances - considered good		**525,032**	381,801
Initial transaction cost of term finance certificates		**-**	5,549,389
Receivable from Trust Capital (Private) Limited	16.2	**284,038,297**	410,780,744
Receivable from broker		**17,595,083**	-
Prepayments		**9,308,590**	9,843,933
Miscellaneous receivables from lessees	16.3	**110,985,985**	148,625,216
Other receivables - considered good		**7,007,878**	3,600,281
		477,951,701	681,939,159

16.1 These represent advance given to suppliers on behalf of lessees in respect of assets to be leased and are eventually transferred to net investment in lease finance when the assets are brought into use. Lessees are being charged with mark-up at 15.29% to 21.70% (2008: 14% to 20%) per annum against advances.

	Note	**2009 Rupees**	2008 Rupees
16.2 Receivable from Trust Capital (Private) Limited			
Considered good		**284,038,297**	-
Considered doubtful		**104,874,965**	-
Less: Provision against doubtful receivables	16.2.1	**104,874,965**	-
		284,038,297	-
		284,038,297	-
16.2.1 Provision against doubtful receivables from Trust Capital (Private) Limited			
Opening balance		**-**	-
Charge for the year		**104,874,965**	-
		104,874,965	-
Reversed during the year		**-**	-
Closing balance		**104,874,965**	-
16.3 Miscellaneous receivables from lessees			
Considered good		**110,985,985**	148,625,216
Considered doubtful		**105,260,821**	67,144,071
Less: Provision against doubtful receivables	16.3.1	**105,260,821**	67,144,071
		-	-
		110,985,985	148,625,216

	Note	2009 Rupees	2008 Rupees
16.3.1 Provision against doubtful receivables			
Opening balance		**67,144,071**	59,159,946
Charge for the year		**63,059,967**	14,768,275
		130,204,038	73,928,221
Reversed during the year		**(24,943,217)**	(6,784,150)
Closing balance		**105,260,821**	67,144,071
17 Cash and bank balances			
Cash in hand		**1,151,288**	1,175,599
With banks in:			
Deposit accounts	17.1	**125,693,024**	232,202
Current accounts		**31,947,815**	91,880,971
		157,640,839	92,113,173
		158,792,127	93,288,772

17.1 Deposit accounts carry markup rate ranging from 4% to 12% per annum (2008: 4% to 7%).

	Note	2009 No. of shares	2008 No. of shares	2009 Rupees	2008 Rupees
18 SHARE CAPITAL					
Authorized					
Ordinary shares of Rs. 10 each		**80,000,000**	80,000,000	**800,000,000**	800,000,000
Preference shares of Rs. 10 each		**30,000,000**	30,000,000	**300,000,000**	300,000,000
		110,000,000	110,000,000	**1,100,000,000**	1,100,000,000
Issued, subscribed and paid up					
Ordinary shares of Rs. 10 each fully paid-up in cash		**20,142,984**	20,142,984	**201,429,840**	201,429,840
Ordinary shares of Rs. 10 each issued as bonus shares		**38,409,889**	38,409,889	**384,098,890**	384,098,890
	18.1	**58,552,873**	58,552,873	**585,528,730**	585,528,730

	2009 No. of shares	2008 No. of shares
18.1 Reconciliation of ordinary shares		
Opening balance of ordinary shares of Rs. 10 each	**58,552,873**	46,842,297
Bonus shares issued during the year (2008: Rs. NIL)	**-**	11,710,576
Closing balance of ordinary shares of Rs. 10 each	**58,552,873**	58,552,873

	Note	2009 Rupees	2008 Rupees
19 Reserves			
Capital reserves			
Statutory reserve	19.1	**206,758,318**	206,758,318
		206,758,318	206,758,318
Revenue reserves			
General reserve		**61,000,000**	61,000,000
Unappropriated profit		**(472,556,755)**	242,321,570
		(411,556,755)	303,321,570
		(204,798,436)	510,079,888

19.1 Statutory reserve

	2009	2008
Opening balance	**206,758,318**	176,801,730
Transfer from profit and loss account	**-**	29,956,588
	206,758,318	206,758,318

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. However, due to loss during the period, this rule is not applicable.

	Note	2009 Rupees	2008 Rupees
20 (Deficit) on revaluation of investments			
Opening balance		**(120,299,798)**	6,594,532
Impairment during the year		**(341,252,146)**	(120,299,798)
Transfer to profit and loss account on sale of available for sale securities		**-**	(6,594,532)
Impairment charged to profit and loss account		**230,775,972**	-
Closing balance		**(230,775,972)**	(120,299,798)
21 Term Finance Certificates (TFC) - secured			
TFC II-1st Tranche	21.1	**37,500,000**	112,500,000
TFC II-2nd Tranche	21.2	**112,500,000**	187,500,000
TFC III	21.3	**599,880,000**	-
		749,880,000	300,000,000
Less: Unamortized portion of the initial transaction cost		**9,327,018**	4,367,408
		740,552,982	295,632,592
Less: Current maturity	26	**187,590,000**	150,000,000
		552,962,982	145,632,592

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

The principal is repayable in ten equal semi-annual installments in arrears starting from 17 January 2005. Each TFC 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 + 300 bps per annum with a floor of 6% and a cap of 10%. The profit rate is set seven days before the start of semi- annual period for which the profit is being paid.

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

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

The principal is repayable in ten equal semi-annual installments in arrears starting from 15 May 2006. Each TFC 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 + 200 bps per annum with no floor and no cap. The profit rate is set on the first day of the start of each 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 three years period from the date of public subscription. 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.

21.3 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.

	Note	**2009 Rupees**	2008 Rupees
22 Long term certificates of investment - unsecured			
Local currency			
- Financial institutions		**308,333,333**	858,333,333
- Corporates		**14,000,340**	13,642,940
- Individuals		**12,275,000**	124,180,955
	22.1	**334,608,673**	996,157,228
Less: Current maturity	26	**101,800,000**	895,403,258
		232,808,673	100,753,970

22.1 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 6 years at rates of profit ranging from 11% to 22.22% (2008: 10% to 14%) per annum.

	Note	**2009** **Rupees**	2008 Rupees
23 Long term borrowings - secured			
Banking companies and other financial institutions:			
The Bank of Punjab Limited	23.1	**37,499,996**	79,166,666
Faysal Bank Limited	23.2	**58,333,334**	83,333,333
Allied Bank Limited	23.3	**224,722,222**	50,000,000
Habib Bank Limited	23.4	**41,666,669**	66,666,668
Pak Oman Investment Company (Pvt.) Ltd.	23.5	**23,000,000**	-
Syndicated Term Finance	23.6	**-**	20,940,432
The Bank of Khyber	23.7	**150,000,000**	-
Saudipak Industrial & Agricultural Investment Company (Pvt.) Limited.	23.8	**12,499,997**	33,333,328
Standard Chartered Bank Limited	23.9	**291,666,665**	454,888,888
Pak Oman Assets Management Company Ltd	23.10	**42,714,286**	-
Atlas Bank Limited	23.11	**150,000,000**	200,000,000
Pak Iran Joint Investment Co. Limited	23.12	**92,000,000**	-
		1,124,103,169	988,329,315
Less: Current portion shown under current liabilities	26	**578,567,458**	386,848,127
		545,535,711	601,481,188

23.1 This represents a facility of Rs.100 million. This facility is secured against first charge on specific leased assets and related receivables. These carry mark-up rate of 3 month KIBOR + 250 bps per annum with a floor of 4.5%. This facility is repayable in sixteen equal quarterly installments starting from 30 March 2007 and expiring on 31 December 2010.

23.2 This represents a facility of Rs.100 million. The facilities are secured against first charge on specific leased assets with 25% margin and carry mark-up rate of 6 month KIBOR + 190 bps per annum. These facilities are repayable in twelve equal quarterly installments starting from 29 October 2007 and expiring on 31 July 2010.

23.3 These represent two facilities of an aggregate amount of Rs. 300 million. One facility of Rs.100 million is secured against first charge on specific leased assets and related receivables of Rs. 135 million with 25% margin. Whereas the money market borrowing amount to Rs. 200 million is converted into long term unsecured facility at a mutually agreed terms. These carries mark-up at the rates of 6 month KIBOR + 250 bps per annum and 1 month KIBOR + 200 bps per annum respectively. These facilities are repayable in ten equal semi-annual and thirty six equal monthly installments starting from 30 June 2006 and 01 June 2009 respectively and expiring on 31 December 2010 and 01 May 2012.

23.4 This represents a facility of Rs. 100 million. The facility is secured against first charge on specific leased assets and related receivables and carry mark-up at the rate of 6 month KIBOR + 250 bps per annum with no floor and no cap. The facility is repayable in twelve equal quarterly installments starting from 30 September 2007 and expiring on 30 June 2010.

23.5 This represents a facility of Rs. 23 million. The facility is secured against first charge on specific loan receivables with a margin of 25%. It carries mark-up at the rate of 3 month KIBOR + 250 bps per annum. The facility is repayable in twelve equal monthly installments starting from 23 August 2009 and expiring on 23 July 2010.

23.6 This has been repaid during the year.

23.7 This represents facility of Rs.150 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up at the rate of 3 month KIBOR + 300 bps per annum. The facility is repayable in twelve equal quarterly instalments starting from 30 September 2009 and expiring on 30 June 2012.

23.8 This represents a facility of Rs. 50 million. The facility is secured against first charge on specific leased assets and related receivables to the extent of Rs. 70 million. It carries mark-up at the rate of 3 month KIBOR + 275 bps per annum. The facility is repayable in twelve equal quarterly installments starting from 13 April 2007 and expiring on 13 January 2010.

23.9 This represents a facility of Rs. 500 million for the purpose of expansion of lease portfolio. The facility is secured against lease receivables. 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 expiring on 28 February 2011.

23.10 This represents a facility of Rs. 46 million. The facility is secured against lease receivables. It carries mark-up at the rate of 3 month KIBOR + 250 bps. The facility is repayable in twelve equal monthly installments starting from 15 June 2009 and expiring on 15 July 2010.

23.11 This represents a term finance facility of Rs. 200 million. The facility is secured against first charge on specific/exclusive leased assets and related receivables. It carries mark-up at the rate of 3 month KIBOR + 185 bps per annum. The facility is repayable in sixteen equal quarterly installments starting from 28 June 2008 and expiring on 28 May 2012.

23.12 This represents a facility of Rs. 96 million. The facility is secured against first charge on specific/exclusive leased assets worth Rs. 150 million and related receivables with 25% margin. It carries mark-up at the rate of 1 month KIBOR + 325 bps per annum. The facility is repayable in twenty four equal monthly installments starting from 04 May 2009 and expiring on 04 April 2011.

24 Long term deposits

	Note	**2009 Rupees**	2008 Rupees
Margin against letters of guarantee		**13,418,460**	23,362,860
Deposits against lease arrangements	24.1	**1,074,733,063**	1,218,771,389
Less: Current maturity	26	**355,320,950**	215,914,768
		719,412,113	1,002,856,621
		732,830,573	1,026,219,481

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

		Note	2009 Rupees	2008 Rupees
25	**Staff service cost**			
	Gratuity	25.1	**3,463,190**	2,343,011
	Leave encashment	25.2	**3,720,022**	4,248,992
			7,183,212	6,592,003

			Gratuity		Leave encashment	
			2009	2008	**2009**	2008
		Note	**Rupees**	Rupees	**Rupees**	Rupees
25.1	**Amount recognised in the balance sheet**					
	Present value of defined benefit obligations	25.1.1	**7,865,683**	10,194,637	**3,720,022**	4,248,992
	Less: Fair value of plan assets	25.1.2	**(2,264,209)**	(5,647,850)	**-**	-
	Less: Actuarial gains/(losses) to be recognized in later periods		**(3,299,284)**	(3,614,409)	**-**	-
	Add: Benefits due but not paid		**1,161,000**	80,583	**-**	-
	Less: Unrecognized transitional liability to be recognized in later periods		**-**	-	**-**	-
			3,463,190	1,012,961	**3,720,022**	4,248,992
25.1.1	**Movement in the defined benefit obligation:**					
	Present value of defined benefit obligation at beginning of the year		**10,194,637**	7,907,331	**4,843,062**	3,215,010
	Current service cost for the year		**3,203,116**	5,974,242	**425,813**	1,777,690
	Interest cost for the year		**1,223,356**	790,733	**581,167**	321,501
	Transfer to Trust Capital (Pvt.) Ltd.		**(1,116,674)**	-	**(882,685)**	-
	Benefits paid / discharged during the year		**(1,075,098)**	(4,669,952)	**(926,133)**	(1,605,586)
	Benefits due, but not paid during the year		**(1,161,000)**	(80,583)	**-**	-
	Actuarial (gains) due to curtailments		**(4,279,308)**	-	**-**	-
	Actuarial (gain) / loss on PVDBO		**876,654**	272,866	**(321,202)**	1,134,447
			7,865,683	10,194,637	**3,720,022**	4,843,062
25.1.2	**Movement in the fair value of plan assets:**					
	Fair value of plan assets as at 30 June 2008		**5,647,850**	2,239,798	**-**	-
	Adjustment for last year (short term liability)		**(3,322,772)**	1,992,724	**-**	-
	Total contributions made in the year		**1,155,681**	6,000,000	**-**	-
	Expected return on plan assets for the year		**677,742**	223,980	**-**	-
	Benefits paid / discharged during the year		**(1,155,681)**	(4,669,952)	**-**	-
	Actuarial gain / (loss) on assets		**(738,611)**	(138,700)	**-**	-
			2,264,209	5,647,850	**-**	-
25.2	**Movement of liability:**					
	Balance sheet liability as at 30 June 2008		**2,343,011**	1,992,723	**4,248,992**	2,026,869
	Adjustment for last year (short term liability)		**3,322,772**	-	**-**	-
	Transfer to Trust Capital (Pvt.) Ltd.		**(1,116,674)**	-	**(882,685)**	-
	Amount recognised during the year under IAS-19	25.3	**2,707,487**	5,020,239	**1,279,848**	3,827,709
	Contribution made by the bank during the year		**(3,793,406)**	(4,669,952)	**(926,133)**	(1,605,586)
			3,463,190	2,343,010	**3,720,022**	4,248,992

	Gratuity		Leave encashment	
	2009	2008	**2009**	2008
	Rupees	Rupees	**Rupees**	Rupees
25.3 Gratuity scheme expense recognised in the profit & loss account:				
Current service cost	**4,510,791**	5,974,242	**425,813**	1,777,690
Interest cost	**1,223,356**	790,733	**581,167**	321,501
Expected return on plan assets	**(677,742)**	(223,980)	**-**	-
Actuarial (Gains) / losses charge	**185,353**	185,547	**(321,202)**	1,134,447
Loss charged due to change in benefits	**1,745,037**	-	**-**	-
(Gains) charged due to change in benefits (i.e. Curtailments)	**(4,279,308)**	286,421	**594,070**	594,071
	2,707,487	7,012,963	**1,279,848**	3,827,709
25.4 Actual return on the plan assets				
Expected return on the plan assets	**677,742**	223,980	**-**	-
Actuarial gain/(loss) on plan assets	**(738,611)**	(138,700)	**-**	-
Actual return on the plan assets	**(60,869)**	85,280	**-**	-

25.5 Qualified actuary carried out the valuation as on 30 June 2009 using the Projected Unit Credit Method. Following significant assumptions were used.

	Gratuity		Leave encashment	
	2009	2008	**2009**	2008
Discount rate	**12% per annum**	12% per annum	**12% per annum**	12% per annum
Expected rate of increase in salary	**11% per annum**	11% per annum	**11% per annum**	11% per annum
Expected rate of return on plan assets	**12% per annum**	12% per annum	**-**	-
Average number of leaves utilised per annum	**-**	-	**8 Days**	8 Days
Expected average remaining years until vesting as on 30 June	**14 years**	14 years	**-**	-

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

	2009	2008	2007	2006	2005
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 30 June					
Present value of defined obligation	**7,865,683**	10,194,637	7,907,331	17,912,230	6,506,811
Fair value of plan assets	**2,264,209**	5,647,850	5,647,850	2,239,798	1,923,197
Deficit	**(5,601,474)**	(4,546,787)	(2,259,481)	(15,672,432)	(4,583,614)

Fair value of plan assets include certificates of investments, whose fair value as at 30 June 2009 is Rs. 2.265 million (2008: Rs. 5.647 million).

	Note	2009 Rupees	2008 Rupees

26 Current maturities of long term liabilities

	Note	2009 Rupees	2008 Rupees
Term finance certificates - secured	21	**187,590,000**	150,000,000
Certificates of investment - unsecured	22	**101,800,000**	895,403,258
Long term borrowings - secured	23	**578,567,458**	386,848,127
Long term deposits	24	**355,320,950**	215,914,768
Pre - IPO Subscription of Term Finance Certificates		**-**	90,000
		1,223,278,408	1,648,256,153

27 Short term certificates of investment - unsecured

	2009 Rupees	2008 Rupees
Local currency		
- Financial institutions	**11,300,000**	750,000,000
- Corporate	**608,326,538**	240,962,953
- Individuals	**407,659,801**	51,219,038
	1,027,286,339	1,042,181,991

27.1 These represent unsecured short term certificates of investment for a period of three months to one year. These carry mark-up rate ranging from 11% to 18.50% (2008: 8.25% to 18%) per annum.

28 Short term borrowings

	Note	2009 Rupees	2008 Rupees
Banking companies and other financial institutions:			
Running finances - secured	28.1	**321,693,339**	332,216,672
Placements from financial institutions - unsecured	28.2	**1,504,790,413**	1,579,185,500
		1,826,483,752	1,911,402,172

28.1 These represent running finances utilized from commercial banks. The total limits against running finances amount to Rs. 425.00 million (2008: Rs. 455 million). These carry mark-up rate ranging from 3 month KIBOR + 100 bps to 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% (2008: 3 months KIBOR + 100 bps to 3 month KIBOR + 250 bps) 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.

	2009 Rupees	2008 Rupees
Carrying amount of quoted shares given as collateral against borrowings	**152,603,119**	333,800,683

28.2 These represent unsecured short term placements of one day to four months obtained from financial institutions carrying mark-up rate ranging from 7% to 45% (2008: 6.25% to 26%).

		Note	2009 Rupees	2008 Rupees
29	**Mark-up accrued**			
	Secured			
	- Short and long term borrowings		**48,893,504**	49,020,712
	- Term finance certificates		**55,149,729**	15,475,668
			104,043,233	64,496,380
	Unsecured			
	- Certificates of investment		**33,062,182**	28,735,462
			137,105,415	93,231,842

		Note	2009 Rupees	2008 Rupees
30	**Trade and other payables**			
	Payable to National Clearing Company of Pakistan Limited		**-**	377,328
	Customer's credit balances		**-**	47,689,653
	Advance receipt against leases	30.1	**9,101,194**	20,206,853
	Unclaimed dividend		**3,136,308**	3,221,681
	Accrued liabilities		**1,714,816**	2,485,230
	Other liabilities		**15,797,572**	7,170,817
			29,749,890	81,151,562

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

31 Contingencies and commitments

31.1 Contingencies

31.1.1 The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 208.291 Million. (2008: Rs. 182.342 million)

31.2 Commitments

31.2.1 Lease commitments approved but not disbursed as on balance sheet date amount to Nil (2008 : Rs. 123.142 million).

31.2.2 Commitment for the purchase of office space amounting to Rs. 2.45 million (2008: Rs. 29.63 million).

	Note	**2009 Rupees**	2008 Rupees
32 Income from lease operations			
Finance lease income		**420,105,542**	439,342,722
Front end fee		**345,244**	842,123
Commitment and other fees		**970,840**	8,275,411
Miscellaneous	32.1	**33,460,037**	37,435,919
		454,881,663	485,896,175
32.1 Miscellaneous lease income			
Mark-up on lease advance		**10,090,726**	10,805,362
Additional lease rentals		**23,369,311**	26,630,557
		33,460,037	37,435,919
33 Income from investments			
(Loss)/Profit on disposal of investment held for trading		**(30,364,891)**	135,248,716
Profit on investment in continuous funding system		**1,791,769**	27,833,456
Profit on disposal of shares under reverse repurchase agreements		**33,295,491**	46,468,204
(Loss)/Profit on disposal of shares purchased under future contract		**(121,344)**	1,094,383
Profit on short term placements and long term investments		**27,372,200**	41,927,450
Dividend income		**9,963,365**	10,251,250
Underwriting and trusteeship fee		**288,000**	1,613,625
Income from Investment Banking		**1,196,638**	-
Gain on disposal of investments available for sale		**-**	9,472,666
		43,421,228	273,909,750
34 Income from term finances			
34.1 Mark- up earned on long term finances			
Employees		**97,252**	1,053,271
Customers		**93,753,473**	16,569,055
		93,850,725	17,622,326
34.2 Mark- up earned on short term finances			
Employees		**2,465,484**	95,980
Customers		**76,691,740**	26,392,670
		79,157,224	26,488,650
		173,007,949	44,110,976

	Note	2009 Rupees	2008 Rupees
35 Other income			
Gain on disposal of operating fixed assets	5.1.1	**3,872,608**	22,448,499
Gain on disposal of intangible assets		**5,900,000**	-
Commission income		**2,486,063**	2,462,351
Profits on bank deposits		**4,488,779**	141
Miscellaneous		**6,799,177**	65,927,650
		23,546,627	90,838,641

36 Finance cost

Mark-up on long term borrowings		**132,340,475**	87,925,764
Mark-up on term finance certificates		**135,692,917**	104,343,216
Mark-up on short term borrowings		**341,604,718**	118,927,462
Mark-up on certificates of investment		**202,959,142**	210,140,148
Mark-up on running finance		**53,933,392**	8,556,271
Commitment and other processing fee		**2,270,103**	2,686,995
Bank charges and commission		**6,318,260**	5,893,085
		875,119,007	538,472,941

37 Administrative and operating expenses

Salaries and other benefits	37.1	**101,299,063**	103,312,972
Printing and stationery		**2,308,232**	3,890,737
Vehicle running and maintenance		**8,519,832**	8,674,886
Postage, telephone and telex		**5,126,149**	7,349,169
Traveling and conveyance		**3,524,346**	3,448,512
Boarding and lodging		**427,949**	686,729
Entertainment		**1,747,460**	2,102,391
Advertisement		**782,802**	697,081
Electricity, gas and water		**3,637,598**	3,734,036
Newspapers and periodicals		**128,849**	159,795
Auditors' remuneration	37.2	**800,000**	558,850
Fee and subscription		**807,154**	1,436,301
Corporate expenses		**1,165,290**	1,355,296
Staff service costs		**3,987,335**	8,817,108
Software		**-**	117,410
Rent, rates and taxes		**22,544,145**	24,734,932
Insurance		**4,325,296**	3,785,547
Donation	37.3	**272,220**	-
Office maintenance		**3,391,804**	3,239,529
Legal and professional charges		**2,780,316**	4,307,851
Security charges		**2,271,758**	2,244,770
Staff training		**90,600**	136,827
Business promotion		**8,000**	-
Commission on recovery-outsource		**1,205,206**	3,410,988
CDC and clearing charges		**27,500**	3,278,866
Miscellaneous		**1,964,538**	2,175,433
		173,143,442	193,656,016

37.1 It includes provision for gratuity and compensated leave absences amounting to Rs.2.933 million and Rs.1.054 million respectively (2008: Rs. 5.020 million and Rs. 3.828 million respectively).

	2009	2008
	Rupees	Rupees
37.2 Auditors' remuneration		
Audit fee		
Annual	**650,000**	350,000
Half Yearly Review	**100,000**	80,000
Certifications fee and other services	**-**	70,000
Out of pocket expenses	**50,000**	58,850
	800,000	558,850

37.3 Donations include payment of Rs. 272,220 (2008: Nil) to Prime Minister's Fund for Internally Displaced Persons (IDP's).

	Note	2009	2008
	Note	Rupees	Rupees
38 Other charges			
Lease receivables written off		**4,218,967**	1,020,487
Penalties imposed by the Lahore Stock Exchange		**-**	10,000
		4,218,967	1,030,487
39 Provision for taxation			
For the year			
- Current		**-**	2,904,711
- Deferred	39.1	**261,164,286**	(86,563,292)
		261,164,286	(83,658,581)

39.1 Deferred tax asset comprises of deductible temporary differences amounting to Rs. 2,056.89 million and taxable temporary differences amounting to Rs. 912.44 million.

		2009	2008
40 (Loss)/Earnings per share - basic			
(Loss)/Profit for the year after taxation	Rupees	**(715,225,712)**	149,782,942
Weighted average number of ordinary shares	Numbers	**58,552,872**	58,552,873
(Loss)/Earnings per share	Rupees	**(12.22)**	2.56

40.1 No figure for diluted (loss)/earnings per share has been presented as the Company has not issued any instrument which would have an impact on its earnings per share.

41 Remuneration of chief executive, executives and directors

	Chief Executive		Directors		Executives	
	2009	2008	**2009**	2008	**2009**	2008
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	**5,181,500**	3,483,000	**-**	-	**23,620,707**	16,338,112
Housing and utilities	**2,851,833**	1,917,000	**-**	-	**13,000,544**	8,992,294
Bonus	**290,250**	290,323	**-**	-	**1,321,904**	1,498,842
Medical	**104,977**	98,948	**-**	-	**1,089,969**	722,146
Others	**-**	937,951	**-**	-	**7,309,760**	5,542,856
Gratuity	**-**	571,753	**-**	-	**464,400**	2,751,122
Directorship Fee	**20,000**	105,000	**1,520,000**	405,000	**-**	-
	8,448,560	7,403,975	**1,520,000**	405,000	**46,807,284**	35,845,372
Number of persons	**2**	1	**6**	3	**33**	19

41.1 In addition to the above remuneration chief executive and some executives were also provided with free use of Company maintained vehicles.

41.2 Fee was paid to CEO and directors for attending the board meetings amounting to Rs. 1,540,000 (2008: Rs. 510,000).

42 Financial instruments and related disclosures

The Company's interest / mark-up sensitivity position for interest/mark-up bearing financial assets and liabilities and the periods in which they will mature is as follows:

		2 0 0 9														
		EXPOSED TO INTEREST / MARK - UP RISK														
		EXPOSED TO FAIR VALUE INTEREST RATE RISK						EXPOSED TO CASH FLOW INTEREST RATE RISK								
	Interest rates	Upto three months	Over three months to one year	Over one year to three years	Over three years to five years	Over five years	Total	Upto three months	Over three months one year	Over one year to three years	Over three years to five years	Over five years	Total		to interest/ mark-up risk	2009 Total
	% age	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
On balance sheet financial assets and liabilities																
Financial assets																
Net investment in lease finance	8% - 26.76 %	285,548,108	2,183,929,546	776,659,370	552,341,485	-	3,798,478,509	-	-	-	-	-	-	3,798,478,509	-	3,798,478,509
Long term finances	4% -17.73 %	-	-	-	-	-	-		230,071,375	348,440,998	-	-	578,512,373	578,512,373	-	578,512,373
Long term investments	14%-25%	-	-	-	-	-	-	-	-	-	232,976,000	-	232,976,000	232,976,000		232,976,000
Short term finances	13 % - 18.64 %	-	-	-	-	-	-	-	329,846,962	-	-	-	329,846,962	329,846,962	-	329,846,962
Short term placements	14%-25%	280,987,368	-	-	-	-	280,987,368	-	-	-	-	-	-	280,987,368	-	280,987,368
Short term investments		-	-	-	-	-	-	-	-	-	-	-	-	-	221,623,027	221,623,027
Mark-up accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	85,019,434	85,019,434
Advances, prepayments and other receivables	15.29 % - 21.70 %	-	47,690,836	-	-	-	47,690,836	-	-	-	-	-	-	47,690,836	456,427,739	504,118,575
Cash and bank balances	4% - 12%	125,693,024	-	-	-	-	125,693,024	-	-	-	-	-	-	125,693,024	33,099,102	158,792,126
		692,228,500	2,231,620,382	776,659,370	552,341,485	-	4,252,849,737	-	559,918,337	348,440,998	232,976,000	-	1,141,335,335	5,394,185,072	796,169,302	6,190,354,374
Financial liabilities																
Term finance certificates	10.00% -17.69%	-	-	-	-	-	-	37,620,000	149,970,000	487,320,000	65,642,982	-	740,552,982	740,552,982	-	740,552,982
Long term certificates of investments	13.75% -22.22%	600,000	1,200,000	328,033,673	4,775,000	-	334,608,673	-	-	-	-	-	-	334,608,673	-	334,608,673
Long term borrowings	12.03.% -18.27%	-	-	-	-	-	-	148,539,657	391,404,761	584,158,751		-	1,124,103,169	1,124,103,169	-	1,124,103,169
Short term certificates of investments	9% -18.34%	679,584,910	347,701,429	-	-	-	1,027,286,339	-	-	-	-	-	-	1,027,286,339	-	1,027,286,339
Short term borrowings	11% -45.00%	1,826,483,752		-	-	-	1,826,483,752	-	332,216,672	-	-	-	332,216,672	2,158,700,424	-	2,158,700,424
Mark-up accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	137,105,415	137,105,415
Trade and other payables		-	-	-	-	-	-	-	-	-	-	-	-	-	29,589,890	29,589,890
		2,506,668,662	348,901,429	328,033,673	4,775,000	-	3,188,378,764	186,159,657	873,591,433	1,071,478,751	65,642,982	-	2,196,872,823	5,385,251,587	166,695,305	5,551,946,892
On balance sheet gap		(1,814,440,162)	1,882,718,953	448,625,697	547,566,485	-	1,064,470,973	(186,159,657)	(313,673,096)	(723,037,753)	167,333,018	-	(1,055,537,488)	8,933,485	629,473,997	638,407,482
Off balance sheet financial assets and liabilities																
Lease commitments		-	-	-	-		-	-	-	-	-	-	-	-	-	-
Off balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap		(1,814,440,162)	1,882,718,953	448,625,697	547,566,485	-		(186,159,657)	(313,673,096)	(723,037,753)	167,333,018	-	-	-	-	-
Cumulative interest rate sensitivity gap			68,278,791	516,904,488	1,064,470,973	1,064,470,973	-	-	(499,832,753)	(1,222,870,506)	(1,055,537,488)	(1,055,537,488)		8,933,485	-	-

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

Financial instruments and related disclosures

The Company's interest / mark-up sensitivity position for interest/mark-up bearing financial assets and liabilities and the periods in which they will mature is as follows:

	2 0 0 8															
		EXPOSED TO INTEREST / MARK - UP RISK														
		EXPOSED TO FAIR VALUE INTEREST RATE RISK						EXPOSED TO CASH FLOW INTEREST RATE RISK								
	Interest rates	Upto three months	Over three months to one year	Over one year to three years	Over three years to five years	Over five	Total	Upto three months	Over three months one year	Over one year to three years	Over three years to five years	Over five years	Total		Not exposed to interest/ mark-up risk	2008 Total
	% age	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
On balance sheet financial assets and liabilities																
Financial assets																
Net investment in lease finance	6.75% - 24 %	347,895,421	856,644,417	2,003,641,420	1,417,202,034	-	**4,625,383,292**	-	-	-	-	-	-	**4,625,383,292**	-	**4,625,383,292**
Long term finances	4% - 29 %	-	-	-	-	-	-	-	6,107,076	563,347,630	-	-	**569,454,706**	**569,454,706**	-	**569,454,706**
Long term investments	14%-17%	-	-	-	-	-	-	-	-	-	279,992,000	-	**279,992,000**	**279,992,000**	527,614	**280,519,614**
Short term finances	12.5 % - 20 %	-	-	-	-	-	-	-	384,634,120	-	-	-	**384,634,120**	**384,634,120**	-	**384,634,120**
Short term placements	9.2%-18.9%	360,988,000	-	-	-	-	**360,988,000**	139,437,308	-	-	-	-	**139,437,308**	**500,425,308**	-	**500,425,308**
Short term investments		-	-	-	-	-	-	-	-	-	-	-	-	-	569,891,145	**569,891,145**
Mark up accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	37,070,524	**37,070,524**
Advances, prepayments and other receivables	12 % - 20 %	-	98,118,169	-	-	-	**98,118,169**	-	-	-	-	-	-	**98,118,169**	583,860,990	**681,979,159**
Cash and bank balances	5% to 9%	232,202	-	-	-	-	**232,202**	-	-	-	-	-	-	**232,202**	93,056,571	**93,288,773**
		709,115,623	954,762,586	2,003,641,420	1,417,202,034	-	**5,084,721,663**	139,437,308	390,741,196	563,347,630	279,992,000	-	**1,373,518,134**	**6,458,239,797**	1,284,406,844	**7,742,646,641**
Financial liabilities																
Term finance certificates	11.00% -14.00%	-	-	-	-	-	-	37,500,000	112,500,000	145,632,592	-	-	**295,632,592**	**295,632,592**	-	**295,632,592**
Long term certificates of investments	11% -16.67%	2,022,940	873,660,318	100,753,970	19,720,000	-	**996,157,228**	-	-	-	-	-	-	**996,157,228**	-	**996,157,228**
Long term borrowings	11.00% -14.25%	-	-	-	-	-	-	134,498,414	386,848,127	416,982,774	50,000,000	-	**988,329,315**	**988,329,315**	-	**988,329,315**
Pre- IPO subscription of Term Finance Certificates	14% to 15.10%	-						-	90,000	168,772,500	224,910,000	56,227,500	**450,000,000**	**450,000,000**		**450,000,000**
Short term certificates of investments	8.5% -18%	3,319,733	1,038,862,258	-	-	-	**1,042,181,991**	-	-	-	-	-	-	**1,042,181,991**	-	**1,042,181,991**
Short term borrowings	4.5% -13.00%	794,185,500	785,000,000	-	-	-	**1,579,185,500**	-	332,216,672	-	-	-	**332,216,672**	**1,911,402,172**	-	**1,911,402,172**
Markup accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	93,231,841	**93,231,841**
Trade and other payables		-	-	-	-	-	-	-	-	-	-	-	-	-	81,151,562	**81,151,562**
		799,528,173	2,697,522,576	100,753,970	19,720,000	-	**3,617,524,719**	171,998,414	831,654,799	731,387,866	274,910,000	-	**2,066,178,579**	**5,683,703,298**	174,383,403	**5,858,086,701**
On balance sheet gap		(90,412,550)	(1,742,759,990)	1,902,887,450	1,397,482,034	-	**1,467,196,944**	(32,561,106)	(440,913,603)	(168,040,236)	5,082,000	-	**(692,660,445)**	**774,536,499**	1,110,023,441	**1,884,559,940**
Off balance sheet financial assets and liabilities																
Lease commitments		(23,456,234)	(99,685,766)	-	-		**(123,142,000)**	-	-	-	-	-	-	**(123,142,000)**	-	**(123,142,000)**
Off balance sheet gap		(23,456,234)	(99,685,766)	-	-	-	**(123,142,000)**	-	-	-	-	-	-	**(123,142,000)**	-	**(123,142,000)**
Total interest rate sensitivity gap		(113,868,784)	(1,842,445,756)	1,902,887,450	1,397,482,034	-	-	(32,561,106)	(440,913,603)	(168,040,236)	5,082,000	-		-	-	-
Cumulative interest rate sensitivity gap			(1,956,314,540)	(53,427,090)	1,344,054,944	1,344,054,944	-	-	(473,474,709)	(641,514,945)	(636,432,945)	(636,432,945)		**707,621,999**	-	-

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

42.1 Credit risk

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

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

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

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

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

	June 2009 Rupees	**%**	June 2008 Rupees	%
Industrial sectors				
Chemical & fertilizer	**35,780,637**	**0.77%**	59,916,859	1.06%
Construction	**320,920,330**	**6.93%**	516,341,304	9.15%
Financial institutions	**694,634**	**0.02%**	5,402,191	0.10%
Health care	**133,667,759**	**2.89%**	116,664,152	2.07%
Hotels	**10,114,601**	**0.22%**	97,319,007	1.72%
Individuals / auto lease	**1,729,389,301**	**37.37%**	2,021,835,544	35.82%
Insurance companies	**4,787,663**	**0.10%**	7,852,438	0.14%
Miscellaneous manufacturing	**294,091,701**	**6.35%**	289,601,061	5.13%
Miscellaneous services	**150,052,897**	**3.24%**	267,162,545	4.73%
Natural gas & LPG	**489,044,195**	**10.57%**	152,724,690	2.71%
Paper & board	**14,391,125**	**0.31%**	20,178,260	0.36%
Steel & engineering	**12,895,411**	**0.28%**	135,813,506	2.41%
Sugar & allied	**28,136,156**	**0.61%**	63,045,144	1.12%
Textile composite	**115,948,964**	**2.51%**	186,359,148	3.30%
Textile knitwear / apparel	**127,788,208**	**2.76%**	187,454,316	3.32%
Textile spinning	**131,135,495**	**2.83%**	150,870,856	2.67%
Transport & communication	**1,028,888,193**	**22.23%**	1,365,232,133	24.19%
	4,627,727,270	**100%**	5,643,773,154	100%

42.2 Liquidity Risks

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining.

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

	Within one year	More than one year and up to five years	Over five years	Total
	Rupees	Rupees	Rupees	Rupees
Maturities of assets and liabilities				
Assets				
Property and equipment	-	-	110,710,489	**110,710,489**
Intangible assets	-	-	838,083	**838,083**
Net investment in lease finance	2,469,477,654	1,329,000,855	-	**3,798,478,509**
Long term finances	230,071,375	348,440,998	-	**578,512,373**
Long term investments	-	232,976,000	-	**232,976,000**
Long term advances	-	124,556,726	-	**124,556,726**
Long term deposits	-	-	2,625,919	**2,625,919**
Deferred tax asset	-	58,622,055	-	**58,622,055**
Short term finances	329,846,962	-	-	**329,846,962**
Short term placements	280,987,368	-	-	**280,987,368**
Short term investments	-	221,623,027	-	**221,623,027**
Taxation -net	35,716,713	-	-	**35,716,713**
Mark-up accrued	85,019,434	-	-	**85,019,434**
Advances, prepayments and other receivables	392,561,079	111,557,496	-	**504,118,575**
Cash and bank balances	158,792,126	-	-	**158,792,126**
	3,982,472,711	2,426,777,157	114,174,491	**6,523,424,359**
Liabilities				
Term finance certificates	187,590,000	552,962,982	-	**740,552,982**
Long term certificates of investment	101,800,000	232,808,673	-	**334,608,673**
Long term borrowings	536,567,458	587,535,711	-	**1,124,103,169**
Long term deposits	355,320,950	732,830,573	-	**1,088,151,523**
Staff service costs	-	7,183,212	-	**7,183,212**
Short term certificates of investment	1,027,286,339	-	-	**1,027,286,339**
Short term borrowings	1,826,483,752	-	-	**1,826,483,752**
Mark-up accrued	137,105,415	-	-	**137,105,415**
Trade and other payables	29,589,890	-	-	**29,589,890**
	4,201,743,804	2,113,321,151	-	**6,315,064,955**
Net assets	(219,271,093)	313,456,006	114,174,491	**208,359,404**
Equity				
Share capital				**585,528,730**
Reserves				**(156,545,395)**
				428,983,335
(Deficit) on revaluation of investments				**(230,775,972)**
Suplus on revaluation of assets-net				**10,152,041**
				208,359,404

42.3 Fair value of financial instruments

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

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

42.4 Interest rate risk exposure

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

42.5 Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operation income dividend by total capital employed. The board of directors also monitors the level of dividends to individuals ordinary shareholders.

The Company is exposed to externally imposed capital requirements.

Vide its notification dated 21 November 2008, the Securities and Exchange Commission of Pakistan has announced certain revisions in the Non-Banking Finance Companies Rules, 2003 and has promulgated the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The existing NBFCs have been allowed different time limits for aligning themselves with different capital requirements.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debt.

In the presence of equity shortfall the management has taken the following step to bring its equity to the minimum equity required level as required by NBFC,s & Notified Entities Regulations, 2008. Subsequent to year ended 30 June 2009, the management is working to market the preference shares of Rs. 700 million inclusive of Rs. 200 million of green shoe option. Further, a foreign investment company has shown interest to inject foreign equity to an amount of Rs. 585 million.

43 Cash and cash equivalents

	2009 Rupees	2008 Rupees
Cash and bank balances	**158,792,127**	93,288,772
Short term running finance	**(321,693,339)**	(332,216,672)
	(162,901,212)	(238,927,900)

44 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:

	2009 Rupees	2008 Rupees
Subsidiary Company:		
Transactions during the year		
Sale of membership of LSE	**36,000,000**	-
Sale of fixed assets	**12,726,930**	-
Sale of intangible assets	**2,288,317**	-
Dabit balance	**284,038,297**	-
First Pakistan Securities Limited		
Amount due against leases	**-**	432,769
Finance income charged during the period	**-**	53,598
Deposits against lease arrangements	**-**	149,700
MCD Pakistan Limited		
Finance income charged during the period	**-**	782
Switch Securities (Private) Limited		
Finance income charged during the period	**-**	1,534
Tricon Developers (Partnership Concern)		
Installments paid for purchase of office space	**124,556,726**	97,379,318
Amount due against leases	**3,762,104**	1,978,989
Finance income charged during the period	**499,396**	21,077
Deposit against lease arrangements	**501,350**	200,650
Union Communication (Pvt) Limited		
Communication services	**730,529**	838,441
Polygon Builders		
Amount due against term finances	**-**	25,550,000
Finance income charges during the period	**2,364,691**	90,650

	2009 Rupees	2008 Rupees
Polygon Developers		
Amount due against term finances	**195,000,000**	-
Finance income charged during the period	**27,593,035**	-
Ahmed Khalil		
Amount due against term finances	**5,000,000**	15,000,000
Finance income charges during the period	**1,565,814**	1,010,411
Allied Developers		
Amount due against term finances	**-**	29,500,000
Finance income charged during the period	**5,359,665**	1,353,205
Employees' retirement fund		
Payment made	**2,001,231**	6,275,538

45 Subsequent event

There were no significant adjustable events subsequent to 30 June 2009, which may require an adjustment to financial statements or additional disclosure and have not already been disclosed in these financial statements.

46 Authorization

These financial statements were authorized for issue on November 16, 2009 by the Board of Directors.

47 General

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

47.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. The current maturities of non-current assets amounting to Rs. 850,120,271 in the year 2008 were being wrongly classified as net investment in lease finance in the financial statements.

CHIEF EXECUTIVE **DIRECTOR**

Consolidated Financial Statement

Trust Investment Bank Limited

(for the year ended 30 June 2009)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Trust Investment Bank Limited** ("the Company") and its subsidiary company (hereinafter referred as "the Group") as at 30 June 2009 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 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 modified 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 report of such auditors.

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

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

a) there is a requirement of an additional provision to the extent of Rs. 329.522 million in respect of outstanding leases of the Company. However, the management is of the view that the underlying assets are recoverable and consequently additional provision is not required. Had this provision been made in the financial statements the loss for the year after taxation and provision for doubtful leases would have been higher by the same amount;

b) in our opinion, except for the effects on the financial statements of the matter referred in paragraph (a), the consolidated financial statements present fairly the financial position of the Group as at 30 June 2009 and the results of its operations, its cash flows and of changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Without further qualifying our opinion, we draw attention of the members to the following notes of the financial statements;

a) note 1.1 to the financial statements which indicates that the Company incurred a net loss of Rs. 715.226 million during the year ended 30 June 2009 because of which the equity of the Company as of that date has fallen below the minimum regulatory requirement of Rs. 500 million by an amount of Rs. 109.2 million. The amount of loss and equity reported does not include the effect of matter discussed in para (a) above. Further, the Company has applied for and is awaiting the renewal of its leasing license which has expired on 14 May 2009. These factors cast doubt about the ability of the Company to continue its business as a going concern. However, the financial statements have been prepared on a going concern basis in consideration of reasons as explained in note 1.1.

b) note 1.2 to the financial statements which describes that subsequent to year end the management of the subsidiary company has decided to discontinue its operations and accordingly the subsidiary company financial statements have not been prepared on going concern basis and related assets and liabilities approximate to their realizable value.

Lahore: November 16, 2009

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Trust Investment Bank Limited

Consolidated Balance Sheet

As at 30 June 2009

	Note	2009 Rupees	2008 Rupees
Non - current assets			
Fixed assets			
Property and equipment	5	**115,905,057**	124,078,819
Intangible asset	5	**32,873,988**	33,204,684
		148,779,045	157,283,503
Net investment in lease finance	6	**1,268,188,537**	2,570,723,183
Long term finances	7	**208,440,998**	563,347,630
Long term investments	8	**162,976,000**	279,992,000
Long term deposits		**2,625,919**	4,159,629
Long term advances	9	**124,556,726**	97,379,318
Deferred tax asset	10	**319,786,341**	55,366,202
		2,086,574,521	3,570,967,962
		2,235,353,566	3,728,251,465
Current assets			
Current maturities of non - current assets	11	**2,699,549,029**	2,060,767,185
Short term finances	12	**330,229,370**	384,634,120
Short term placements	13	**102,727,368**	500,425,308
Short term investments	14	**399,883,028**	569,891,146
Taxation - net		**35,590,970**	33,097,670
Markup accrued	15	**72,741,297**	37,070,524
Advances, deposits, prepayments and other receivables	16	**505,317,493**	681,939,159
Cash and bank balances	17	**160,531,746**	93,288,773
		4,306,570,302	4,361,113,885
		6,541,923,868	8,089,365,350
Equity and liabilities			
Share capital	18	**585,528,730**	585,528,730
Reserves	19	**(206,042,749)**	510,079,888
		379,485,981	1,095,608,618
Surplus on revaluation of assets-net		**10,152,041**	7,243,576
		389,638,022	1,102,852,194
(Deficit) on revaluation of investments	20	**(230,775,972)**	(120,299,798)
Non - current liabilities			
Term finance certificates	21	**552,962,982**	145,632,592
Long term certificates of investment	22	**232,808,673**	100,753,970
Long term borrowings	23	**545,535,711**	601,481,188
Long term deposits	24	**732,830,573**	1,026,219,481
Pre- IPO Subscription of Term Finance Certificates		**-**	449,910,000
Staff service costs	25	**8,929,418**	6,592,003
		2,073,067,357	2,330,589,234
Current liabilities			
Current maturities of long term liabilities	26	**1,223,278,408**	1,648,256,153
Short term certificates of investment	27	**1,027,286,339**	1,042,181,991
Short term borrowings	28	**1,826,483,752**	1,911,402,172
Markup accrued	29	**137,105,415**	93,231,842
Trade and other payables	30	**95,840,547**	81,151,562
		4,309,994,461	4,776,223,720
		6,383,061,818	7,106,812,954
Contingencies and commitments	31		
		6,541,923,868	8,089,365,350

The annexed notes 1 to 47 form an integral part of these financial statements. The parameters used for determination of the value of equity securities held as available for sale and the information about impairment loss and its impact on profit and loss account is disclosed in note 14.3.1.

CHIEF EXECUTIVE **DIRECTOR**

Trust Investment Bank Limited

Consolidated Profit and Loss Account

For the year ended 30 June 2009

	Note	**2009 Rupees**	2008 Rupees
Revenue			
Income from lease operations	32	**454,881,663**	485,896,175
Income from investments	33	**45,068,814**	273,909,750
Income from Term Finances	34	**173,138,356**	44,110,976
Income from brokerage		**9,214,505**	54,295,141
Other income	35	**15,513,341**	90,838,641
		697,816,679	949,050,683
Expenditure			
Finance cost	36	**885,937,750**	538,472,941
Administrative and operating expenses	37	**328,918,945**	193,656,016
Depreciation and amortization	5.1	**18,638,264**	17,769,658
Other charges	38	**4,218,967**	1,030,487
		1,237,713,926	750,929,102
Operating (loss)/profit before provisions and taxation		**(539,897,247)**	198,121,581
Provision for potential lease and term loan losses		**(206,835,349)**	(40,125,830)
Provision for diminution in the value of investment		**-**	(527,614)
Impairment on available for sale investment		**(230,775,972)**	(16,622,059)
Deficit on revaluation of held for trading investments		**-**	(74,721,716)
		(437,611,321)	(131,997,219)
(Loss)/Profit before taxation		**(977,508,568)**	66,124,362
Provision for taxation	39	**261,038,542**	83,658,581
(Loss)/Profit after taxation		**(716,470,026)**	149,782,943
(Loss)/Earnings per share - basic	40	**(12.24)**	2.56

The annexed notes 1 to 47 form an integral part of these financial statements. The parameters used for determination of the value of equity securities held as available for sale and the information about impairment loss and its impact on profit and loss account is disclosed in note 14.3.1.

CHIEF EXECUTIVE **DIRECTOR**

Trust Investment Bank Limited
Consolidated Cash Flow Statement
For the year ended 30 June 2009

	2009 Rupees	2008 Rupees
Cash flows from operating activities		
(Loss)/Profit before taxation	**(977,508,568)**	66,124,361
Adjustments for non cash items:		
Depreciation and amortization	**18,638,264**	17,769,658
Amortization of transaction costs of term finance certificates	**5,852,674**	3,733,019
Provision for staff service costs	**3,987,335**	8,817,108
Provision for doubtful receivables	**206,835,349**	40,125,830
Lease receivables written off	**4,218,967**	1,020,487
Finance cost	**885,937,750**	538,472,941
Profit on sale of property and equipment	**(1,642,627)**	(22,448,499)
Diminution on revaluation of held for trading investments	**-**	74,721,716
Impairment on available for sale investments	**230,775,972**	16,622,059
Provision in the value of investments	**-**	527,614
Gain on sale of available for sale investments	**-**	(9,472,666)
	1,354,603,684	669,889,267
Operating profit before working capital changes	**377,095,116**	736,013,628
Changes in operating assets and liabilities		
(Increase) / decrease in:		
Long term investments	**117,016,000**	(291,434,076)
Short term placements and short term investments	**226,453,912**	133,152,428
Markup accrued	**(35,670,773)**	(19,526,255)
Advances, prepayments and other receivables	**133,129,764**	(24,485,477)
Long term and short term finances	**170,230,002**	(392,443,141)
Net investment in lease finance	**436,030,189**	(668,633,512)
Certificates of investment	**117,159,051**	573,542,054
	1,164,348,145	(689,827,979)
Decrease in trade and other payables	**14,774,358**	(149,324,726)
	1,179,122,503	(839,152,705)
Cash generated/(used) in operations	**1,556,217,619**	(103,139,077)
Finance cost paid	**(842,064,177)**	(499,422,634)
Taxes paid	**(2,619,046)**	(5,568,442)
Staff service costs paid	**(1,649,920)**	(6,244,698)
	(846,333,143)	(511,235,774)
Net cash generated from/(used) in operating activities	**709,884,476**	(614,374,851)

	Note	**2009 Rupees**	2008 Rupees
Cash flows from investing activities			
Purchase of property and equipment		**(16,968,684)**	(51,316,084)
Purchase of intangible assets		**78,500**	(2,510,550)
Long term advances		**(27,177,408)**	(59,354,318)
Long term deposits		**1,533,710**	(193,801)
Sale proceeds of fixed assets		**8,499,004**	-
Sale proceeds of intangible assets		**(100,000)**	50,763,300
Net cash generated from/(used) in investing activities		**(34,134,878)**	(62,611,453)
Cash flows from financing activities			
Long and short term borrowings		**(555,318,309)**	358,903,083
Issue of term finance certificates		**-**	450,000,000
Redemption of term finance certificates		**(42,579,610)**	(290,375,000)
Dividend paid		**(85,373)**	(70,263,447)
Net cash (used in)/generated from financing activities		**(597,983,292)**	448,264,636
Net increase/(decrease) in cash and cash equivalents		**77,766,306**	(228,721,668)
Cash and cash equivalents at the beginning of the year		**(238,927,900)**	(10,206,232)
Cash and cash equivalents at the end of the year	43	**(161,161,594)**	(238,927,900)

The annexed notes 1 to 47 form an integral part of these financial statements. The parameters used for determination of the value of equity securities held as available for sale and the information about impairment loss and its impact on profit and loss account is disclosed in note 14.3.1.

CHIEF EXECUTIVE **DIRECTOR**

Trust Investment Bank Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2009

	Share capital	Share premium	Statutory reserve	General reserve	Un-appropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2007	468,422,984	70,714,920	176,801,731	61,000,000	239,124,294	1,016,063,929
Transfer from surplus on revaluation of fixed assets to unappropriated profit -net of tax	-	-	-	-	25,194	25,194
Final dividend @ 15% (Rs 1.50 per share) for the year ended 30 June 2007	-	-	-	-	(70,263,447)	(70,263,447)
Bonus shares @ 25% issued for the year ended 30 June 2007	117,105,746	(70,714,920)	-	-	(46,390,826)	-
Net profit for the year	-	-	-	-	149,782,942	149,782,942
Transfer to statutory reserve	-	-	29,956,588	-	(29,956,588)	-
Balance as at 30 June 2008	585,528,730	-	206,758,319	61,000,000	242,321,569	1,095,608,618
Transfer from surplus on revaluation of fixed assets to unappropriated profit -net of tax	-	-	-	-	347,388	347,388
Net loss for the year	-	-	-	-	(716,470,026)	(716,470,026)
Balance as at 30 June 2009	**585,528,730**	**-**	**206,758,319**	**61,000,000**	**(473,801,069)**	**379,485,980**

CHIEF EXECUTIVE **DIRECTOR**

1 The Group's Operations and registered office

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").

Trust Investment Bank Limited 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 TIBL is situated at 23-D/1-A, Gulberg III, Lahore. TIBL is mainly engaged in the business of leasing and 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).

Pakistan Credit Rating Agency Limited has maintained the long term credit rating of TIBL at "A-" (Single A minus), while short term credit rating has also been maintained at "A2" (A two). Rating of term finance certificate II and III has been maintained at "A" (Single A) with negative outlook.

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 35-A/II, Aziz Avenue, Canal Bank, Lahore. TCPL is a member of the Lahore Stock Exchange (Guarantee) Limited.

Going concern assumtion

1.1 <u>TIBL</u>

The financial statements for the year ended 30 June 2009 reflect loss after taxation of Rs. 715.226 million because of which the equity of TIBL as of that date has fallen below the minimum regulatory requirement of Rs. 500 million by an amount of Rs. 109.2 million. Further, TIBL has applied for and is awaiting for the renewal of its leasing license which had expired on 14 May 2009.

With regard to constraint in minimum equity requirement for doing business, the sponsor shareholders have expressed their commitment to fulfill the minimum equity requirement through increase in capital. The sponsors have executed agreement with the management of the Bank and provided the title documents of the land having market value of Rs. 217 million in order to use the aforesaid land for the future enhancement of equity. On the other hand a foreign investment company has expressed its interest to invest in the equity of the Bank with 100% right issue amounting to Rs. 585 million and negotiations are at advanced stage.

Addionally, the management is working to market the preference shares of Rs. 700 million inclusive of Rs. 200 million of green shoe option which has been approved in minutes of Board of Directors and by members in EOGM.

The business plan for five years which has been approved by the Board, projects profitable operations and positive equity by June 2010. The management expects that after restructuring, the requirement for minimum capital shall be met and the leasing license will be renewed. Accordingly, the financial statements have been prepared on a going concern basis.

1.2 *TCPL*

The management of the subsidiary company, in view of adverse performance all the three stock exchanges, economic and social environment of the country and the business of TCPL in particular, has decided to discontinue the operations of TCPL and accordingly the financial statements of the subsidiary company have not been prepared on going concern basis and the related assets and liabilities approximate to their realizable values.

2 Statement of compliance

2.1 Statement of compliance

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, except for the disclosure requirement of Clause 3C of Part II of the Fourth Schedule of the Companies Ordinance, 1984 in respect of which Securities and Exchange Commission of Pakistan (SECP) has given exemptions to all NBFCs' vide its letter No. SC/NBFC/-1/R/2005, dated 29 August 2005, 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 to Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.2 Standards, Interpretations and amendments to published approved accounting standards

Relevant but not yet effective

IAS 1 "Presentation of Financial Statements" effective for annual periods beginning on or after 01 January 2009 revises the existing IAS 1 and requires, apart from changing the names of certain components of financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in comprehensive Income Statement. Adoption of the above standard will only effect the presentation of financial statements.

Not relevant and not yet effective

The following standards, amendments and interpretations to approved accounting standards, effective for accounting periods beginning on or after 1 July 2009 are either not relevant to the NBFC operations or are not expected to have significant impact on the NBFC's financial statements other than certain increased disclosures only:

Standards or interpretation

IFRS 2 (amendment) - Share based payments
IFRS 3 (amendment) - Business Combinations
IFRS 8 - Operating Segments
IAS 27 - Consolidated and separate financial statements
IAS 32 (amendment) - Financial instruments: Presentation and consequential amendment to IAS 1- Presentation of Financial Statements
IFRIC 15 - Accounting for Agreements for the Construction of Real Estate
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

In addition to above, International Accounting Standards Board made certain amendments to existing standards and interpretations as part of its first and second annual improvements projects. These amendments are unlikely to have impact on the Group's financial statements.

3 Basis of measurement

3.1 Accounting convention

The 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 Group'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 and contingencies	4.5
- Staff retirement benefits (Gratuity)	4.14
- Impairment	4.20

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of TIBL and its wholly owned subsidiary TCPL.

The financial statements of subsidiary company have been consolidated on line by line basis and carrying value of investment held by parent company is eliminated against the subsidiary's shareholder's equity in the consolidated financial statements. Intra-Group balances, transactions, income and expenses have also been eliminated. Unrealized gains arising on intra-Group transactions recognized in assets are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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.

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.

Depreciation is charged from the month when assets are available for use upto the month in which the assets are 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 Group 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 year amortization is charged from the year when assets are available for use and no amortization will be charged in the year in which the assets are disposed off.

4.4 Financial instruments

Financial assets

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

Financial liabilities

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

Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instruments. Financial assets are derecognized when the Group 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 Group 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.

4.5 Provisions

A provision is recognized when the Group 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.

4.6 Investments

The Group classifies its investments as held to maturity, available for sale, held for trading and loans and receivables.

Initial measurement

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

Subsequent measurement

Simple investment

Investment in subsidiary Group is measured at cost as per the requirements of IAS-27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Group 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.

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 profit and loss account.

Available-for-sale

Investments which can not be classified as loans and receivables, 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, TIBL 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 surplus/deficit arising as a result of revaluation of held for trading investments is taken to profit and loss account. Furthermore, the surplus/deficit on revaluation of available for sale and held to maturity securities is taken to "Surplus/Deficit on revaluation of Investments" account. However, any permanent diminution in the value of available for sale or held to maturity securities is provided for by charging it to the profit and loss account. The measurement of surplus/deficit is done on portfolio basis for each of the above three categories separately.

4.7 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 Group 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.

4.8 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.

4.9 Term finances

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

4.10 Net investment in lease finance

Lease where the TIBL 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.

4.11 Repossessed assets

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

4.12 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 TIBL's net investment in the finance lease.

Capital gains and losses on sale of investments

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

Commission income

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

Processing fee, front end fee 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.

Income on bank deposits and reverse repo transactions

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

Guarantee commission

Commission income from guarantee is recognized on time proportion basis.

Dividend Income

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

4.13 Return on certificates of investment

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

4.14 Staff retirement benefits

Defined benefit plan

Gratuity fund

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

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

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

Leave encashment

The Group 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'.

4.15 Provision for potential lease losses and loans

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

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

4.16 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.

4.17 Borrowing costs

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

4.18 Transactions with related parties and transfer pricing

The Group 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.

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

4.19 Foreign currency translation

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

4.20 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.

4.21 Dividends

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

4.22 Bonus shares

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

		Note	**2009** **Rupees**	2008 **Rupees**
5	**Fixed assets**			
	Property and equipment	5.1	**115,905,057**	124,078,819
	Intangible	5.1	**32,873,988**	33,204,684
			148,779,045	157,283,503

5.1 Property and equipment

PARTICULARS	COST					DEPRECIATION						
	As at 1 July 2008	Additions/ Surplus during the year	Impair-ment	Deletions during the year	As at 30 June 2009	As at 1 July 2008	For the year	Incremen-tal deprici-ation	Deletions	As at 30 June 2009	Book value as at 30 June 2009	Depre-ciation rate
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	%
Owned												
Land	22,000,000	-	-	-	22,000,000	-	-	-	-	-	22,000,000	
Building on freehold land	26,790,450	-	-	-	26,790,450	1,838,024	945,055	-	-	2,783,079	24,007,371	5
Leasehold improvements	22,704,878	6,681,465	-	(265,360)	29,120,983	6,271,637	4,376,695	-	(31,062)	10,617,270	18,503,713	20
Office equipment and machines	22,582,955	1,295,452	(1,519,808)	(875,781)	21,482,818	8,714,951	2,952,247	-	(324,048)	11,343,150	10,139,668	20
Furniture and fixtures	17,727,474	271,015	(395,511)	(41,606)	17,561,372	5,014,626	1,291,789	-	(2,815)	6,303,600	11,257,772	10
Air-conditioning equipment	6,931,232	166,240	(160,536)	(23,431)	6,913,505	1,540,231	555,722	-	(1,586)	2,094,367	4,819,138	10
Vehicles	42,576,272	9,688,674	941,692	(9,327,722)	43,878,916	13,854,973	8,164,560	-	(3,318,012)	18,701,521	25,177,395	20
2009	**161,313,261**	**18,102,846**	**(1,134,163)**	**(10,533,900)**	**167,748,044**	**37,234,442**	**18,286,068**	**-**	**(3,677,523)**	**51,842,987**	**115,905,057**	

PARTICULARS	COST					DEPRECIATION						
	As at 1 July 2007	Additions during the year	Revalu-ation Surplus	Deletions during the year	As at 30 June 2008	As at 1 July 2007	For the year	Incremen-tal deprici-ation	On deletions	As at 30 June 2008	Book value as at 30 June 2008	Depre-ciation rate
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	%
Owned												
Land	-	(2,223,751)	24,223,751	-	22,000,000	-	-	-	-	-	22,000,000	
Building on freehold land	44,941,014	9,573,929	-	(27,724,493)	26,790,450	3,376,198	1,048,284	25,194	(2,586,458)	1,838,024	24,952,426	5
Leasehold improvements	15,974,809	6,730,069	-	-	22,704,878	2,888,518	3,383,119	-	-	6,271,637	16,433,241	20
Office equipment and machines	17,963,161	4,799,694	-	(179,900)	22,582,955	5,774,692	2,985,860	-	(45,601)	8,714,951	13,868,004	20
Furniture and fixtures	16,097,327	1,773,791	-	(143,644)	17,727,474	3,740,945	1,334,675	-	(60,994)	5,014,626	12,712,848	10
Air-conditioning equipment	4,577,164	2,425,768	-	(71,700)	6,931,232	1,163,373	405,623	-	(28,765)	1,540,231	5,391,001	10
Vehicles	35,513,840	14,537,456	-	(7,475,024)	42,576,272	10,062,467	8,350,646	-	(4,558,140)	13,854,973	28,721,299	20
2008	135,067,315	37,616,956	24,223,751	(35,594,761)	161,313,261	27,006,193	17,508,207	25,194	(7,279,958)	37,234,442	124,078,819	

Intangible

PARTICULARS	COST				AMORTIZATION				
	As at 1 July 2008	Additions during the year	Impair-ment	As at 30 June 2009	As at 1 July 2008	For the year	Deletions	As at 30 June 2009	Book value as at 30 June 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Lahore Stock Exchange Membership	30,100,000	-	(100,000)	30,000,000	-	-	-	-	30,000,000
Software Licences	3,461,200	121,500	-	3,582,700	356,516	352,196	-	708,712	2,873,988
2009	**33,561,200**	**121,500**	**(100,000)**	**33,582,700**	**356,516**	**352,196**	**-**	**708,712**	**32,873,988**

PARTICULARS	COST				AMORTIZATION				
	As at 1 July 2007	Additions during the year	Deletions during the year	As at 30 June 2008	As at 1 July 2007	For the year	Deletions	As at 30 June 2008	Book value as at 30 June 2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Lahore Stock Exchange Membership	30,100,000	-	-	30,100,000	-	-	-	-	30,100,000
Software licences	950,650	2,510,550	-	3,461,200	95,065	261,451	-	356,516	3,104,684
2008	31,050,650	2,510,550	-	33,561,200	95,065	261,451	-	356,516	33,204,684

5.1.1 Following assets were disposed off during the year

Description	Cost Rupees	Book value Rupees	Sale proceeds Rupees	Gain / (loss) Rupees	Mode of disposal	Sold to
Assets with book value exceeding Rs. 50,000						
Furniture						
Tables	20,500	19,113	5,000	(14,113)	Negotiation	Progressive Securities (Private) Limited
Sofa	13,506	12,592	6,000	(6,592)	Negotiation	Progressive Securities (Private) Limited
Chairs	7,600	7,086	8,000	914	Negotiation	Progressive Securities (Private) Limited
Air Conditioners						
LG Split 1.5 tons	23,431	21,845	16,000	(5,845)	Negotiation	Progressive Securities (Private) Limited
Lease Hold Premises						
Renovations at LSE	124,770	107,883	3,300	(104,583)	Negotiation	Progressive Securities (Private) Limited
Renovations at ISE	140,590	126,415	-	(126,415)	Write off	
Equipments						
Television	13,000	11,241	8,000	(3,241)	Negotiation	Progressive Securities (Private) Limited
UPS	8,167	7,062	10,000	2,938	Negotiation	Progressive Securities (Private) Limited
GFC Fans	984	851	600	(251)	Negotiation	Progressive Securities (Private) Limited
Telephone sets	3,408	2,947	2,700	(247)	Negotiation	Progressive Securities (Private) Limited

Description	Cost Rupees	Book value Rupees	Sale proceeds Rupees	Gain / (loss) Rupees	Mode of disposal	Sold to
Vehicles						
Vehicle-LRN 3426	496,000	-	302,000	302,000	Negotiation	Mr. Sabir Malik
Vehicle-LZL- 389	790,500	118,575	480,000	361,425	Negotiation	Mr. Muhammad Umar
Vehicle-Suzuki LEC 9170	419,050	300,334	370,000	69,666	Negotiation	Mr. Farhan Baig
Vehicle-LES 3005	421,000	322,767	405,000	82,233	Negotiation	Mr. Muhammad Nawaz
Vehicle-LEA 8381	685,000	388,166	600,000	211,834	Negotiation	Mr. Nasir Gulzar
Vehile-Motor Cycle						
LZX 4093	73,000	-	24,850	24,850	Negotiation	Mr. Ashfaq Ahmad
Vehicle-Honda City	795,000	742,467	737,000	(5,467)	Negotiation	Mr. Kashif Butt
Vehicle-LEC 3028	800,000	725,479	742,000	16,521	Negotiation	Mr. Siraj Din
Vehicle-Suzuki						
Mehran VXR	498,452	432,356	440,000	7,644	Negotiation	Mr. Mian Razzaq
Vehicle-LZT 3138	325,000	297,917	235,000	(62,917)	Negotiation	Mr. Malik Siraj
Vehicle-LZV 251	750,000	675,000	760,000	85,000	Negotiation	Mr. Aamir Iqbal
Vehicle- LED 9368	840,500	532,317	865,000	332,683	Negotiation	Mr. Hafeez Ahmad
Vehicle- LEB 6494	663,000	375,700	610,000	234,300	Negotiation	Mr. Aamir Mirza
Vehicle-LEF-8276	724,000	470,600	525,000	54,400	Negotiation	Mr. Hafeez Ahmad
Vehicle-LEE 5320	1,046,720	628,032	700,000	71,968	Negotiation	Mr. Mudassir Hussain Naqvi
Assets with book value below Rs. 50,000	850,222	529,632	643,554	113,922	Negotiation	Various
2009	**10,533,400**	**6,856,377**	**8,499,004**	**1,642,627**		

Description	Cost Rupees	Book value Rupees	Sale proceeds Rupees	Gain / (loss) Rupees	Mode of disposal	Sold to
Assets with book value exceeding Rs. 50,000						
Buildings						
Plot at Kot Shabudin	15,165,000	14,977,790	22,725,000	7,747,210	Negotiation	Ch. Munawar Iqbal
7-B/5 Aziz Avenue	12,559,493	10,160,245	23,000,000	12,839,755	Negotiation	M/S Crescent Powertech Limited
Equipments						
Telephone Exchange	162,000	131,175	70,000	(61,175)	Negotiation	Panasonic Media Solution
Vehicles						
Vehicle-LZA-9669	790,500	250,325	560,000	309,675	Company Policy	Abdul Rauf Ghani
Vehicle-LZC-3883	790,500	250,325	560,000	309,675	Company Policy	Abdul Aziz Khan Niazi
Vehicle-LWE-6740	1,282,500	726,750	875,000	148,250	Company Policy	Rashid Ahmed
Vehicle-LZZ-955	830,500	415,250	580,000	164,750	Company Policy	Mudassir kaiser Pal
Vehicle-LEC-9157	396,050	376,247	365,000	(11,247)	Stolen	New Jubliee Insurance
Vehicle-LWO-9825	881,124	543,360	600,000	56,640	Negotiation	Mirza Talat Mehmood Baig
Vehicle-LRK-701	1,174,000	-	721,000	721,000	Negotiation	Sumaira Amjad
Vehicle-LZN-6613	1,329,850	354,627	676,000	321,373	Negotiation	Arshad Ali
Assets with book value below Rs. 50,000	233,244	128,707	31,300	(97,407)	Negotiation	Various
2008	**35,594,761**	**28,314,801**	**50,763,300**	**22,448,499**		

	Note	2009 Rupees	2008 Rupees
6 Net investment in lease finance			
Lease payments receivable	6.1	**3,549,148,555**	4,420,396,057
Add: Residual value		**1,079,980,989**	1,223,377,097
Gross investment in leases		**4,629,129,544**	5,643,773,154
Less: Unearned finance income		**467,045,140**	767,135,109
Income suspended	6.2	**157,774,028**	138,212,086
Provision for potential lease losses	6.3	**266,644,185**	113,042,667
		891,463,353	1,018,389,862
Net investment in lease finance		**3,737,666,191**	4,625,383,292
Less: Current portion of net investment in lease finance	11	**2,469,477,654**	2,054,660,109
		1,268,188,537	2,570,723,183

	30 June 2009			
	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	**2,711,791,282**	**1,917,338,262**	**-**	**4,629,129,544**
Less: Unearned finance income	**242,313,628**	**224,731,512**	**-**	**467,045,140**
	2,469,477,654	**1,692,606,750**	**-**	**4,162,084,404**

	30 June 2008			
	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	1,604,856,731	4,038,916,423	-	5,643,773,154
Less: Unearned finance income	400,316,893	366,818,216	-	767,135,109
	1,204,539,838	3,672,098,207	-	4,876,638,045

6.1 TIBL has entered into various lease agreements with implicit rate of return ranging from 8% to 26.76% (2008: 6.75% to 24%) per annum. Security deposit is obtained generally upto 10% to 20% of the cost of leased assets at the time of disbursement. TIBL requires the lessees to insure the leased assets in the favour of the TIBL and to maintain the financial ratios required by NBFC's Prudential regulations. Additional lease rentals are charged on the delayed payments.

All the leases are secured against demand promissory notes of the lessees and personal guarantees of the directors and in case of individual lessees two personal guarantees. Whereas, certain leases are additionally secured by mortgage of immovable property.

	2009	2008
	Rupees	Rupees
6.2 Income suspended		
Balance at the beginning of the year	**138,212,086**	161,531,804
Charge for the year	**47,067,618**	54,335,852
Reversal of suspension	**(27,505,676)**	(77,655,570)
Balance at the end of the year	**157,774,028**	138,212,086
6.3 Provision for potential lease losses		
Balance at the beginning of the year	**113,042,667**	80,900,962
Current year potential lease loss provision	**218,596,822**	43,046,419
Provision reversed during the year	**(60,776,337)**	(9,884,227)
Provision written off during the year	**(4,218,967)**	(1,020,487)
Balance at the end of the year	**266,644,185**	113,042,667

		Note	2009 Rupees	2008 Rupees
7	**Long term finances**			
	Employees - considered good	7.1	**22,822,700**	24,223,751
	Others			
	Secured - considered good	7.2	**415,415,844**	544,930,955
	Unsecured - considered good		**273,829**	300,000
	Secured - considered doubtful		**4,773,829**	-
	Less: Provision against doubtful finances	7.3	**4,773,829**	-
			-	-
			438,512,373	569,454,706
	Less : current maturity	11	**230,071,375**	6,107,076
			208,440,998	563,347,630

7.1 These represent long term finances provided to employees against mortgage of property. These carry mark-up ranging from 4% to 17.18% (2008: 4% to 14.72%) per annum. The maximum aggregate balance due from the chief executive is Rs. 4.77 million (2008: 5.74 million) and executives is Rs. 13.61 million (2008: 15.60 million).

Loan to the employees includes the house loan to the Ex-chief executive amounting to Rs. 4.77 million outstanding as on 30 June 2009 and carries mark-up at the rate of 4% to 10%.

7.2 These include long term finances provided to individuals against mortgage of property. These carry mark-up ranging from 14.00% to 28.69% (2008: 11.75% to 29%) per annum.

		Note	2009 Rupees	2008 Rupees
7.3	**Movement in provision against doubtful finances**			
	Opening balance		**-**	-
	Charge for the year		**4,773,829**	-
	Closing balance		**4,773,829**	-

		Note	2009 Rupees	2008 Rupees
8	**Long term investments**			
	Investment in Bonds and Term Finance Certificates	8.1	**162,976,000**	279,992,000

		Note	2009 Rupees	2008 Rupees
8.1	**Investment in Bonds and Term Finance Certificates**			
	Sukuk Bonds and TFCs-Unlisted Held to maturity			
	TFC-Dewan Cement Limited	8.1.1	**40,000,000**	50,000,000
	Sukuk Bonds New Allied Electronic Industries (Pvt) Limited	8.1.2	**20,000,000**	20,000,000
	Sukuk Bonds Amtex Limited	8.1.3	**-**	75,000,000
	Sukuk Eden Housing Limited	8.1.4	**50,000,000**	50,000,000
	TFC-Azgard Nine Limited	8.1.5	**39,976,000**	39,992,000
	TFC-Gharibwal Cement Limited	8.1.6	**-**	25,000,000
	TFC-Grays Leasing Limited	8.1.7	**13,000,000**	20,000,000
			162,976,000	279,992,000

8.1.1 TFC-Dewan Cement Limited

Cost	**50,000,000**	50,000,000
Less: Provision	**(10,000,000)**	-
Closing balance	**40,000,000**	50,000,000

Represents Term Finance Certificates issued by Dewan Cement Company for a tenure of 6 years inclusive of a grace period of 1.5 years at the rate of 6 month KIBOR + 200 bps. The Pakistan Credit Rating Agency Limited assigned a rating of “CC” (double C).

8.1.2 Represents secured privately placed Sukuk Bonds issued by New Allied Electronics Industries (Pvt) Limited for a period of five years at the rate of 3 month KIBOR + 260 bps-JCR-VIS Credit Rating Agency Limited assigned a rating of “D” (Default).

8.1.3 Represents secured privately placed Sukuk Bonds issued by Amtex Limited for a period of five years inclusive of a grace period of 2 years at the rate of 3 month KIBOR + 200 bps with a floor of 11% and a cap of 25%. This has been sold during the year.

8.1.4 Represents secured privately placed Sukuk Bonds issued by Eden Housing Limited for a period of five years inclusive of a grace period of 1 year at the rate of 6 month KIBOR + 250 bps with a floor of 7% and a cap of 20%. JCR-VIS Credit Rating Agency Limited assigned a rating “A” (Single A).

8.1.5 Represents secured privately placed Term Finance Certificates issued by Azgard Nine Limited for a tenure of 7 years inclusive of a grace period of 2 years at the rate of 6 month KIBOR + 225 bps with no floor and cap.The Pakistan Credit Rating Agency Limited assigned a rating of “AA-” (double A minus).

8.1.6 Represents secured Term Finance Certificates issued by Gharibwal Cement Limited for a period of 5 years inclusive of a grace period of 2 years at the rate of 6 month KIBOR + 300 bps. This has been sold during the year.

8.1.7 Represents secured privately placed Term Finance Certificates issued by Grays Leasing Limited for a period of 3 years at the rate of 6 month KIBOR + 250 bps with no floor and cap. JCR-VIS Credit Rating Agency Limited assigned a rating “BBB+” (Triple B plus).

9 Long term advances

Long term advances represent Rs.124.556 million (2008: Rs. 97.379 million) paid to Tricon Developers against purchase of office space in Tricon Corporate Centre.

10 Deferred tax assets

	Note	2009 Rupees	2008 Rupees
Taxable temporary differences on fixed assets		**(7,431,479)**	(7,363,521)
Deductible temporary difference on investments		**106,059,090**	6,420,556
Deductible temporary differences on finances and receivables		**-**	23,727,925
Taxable temporary differences on leasing finance		**(340,933,342)**	(719,597,906)
Deductible temporary difference on tax losses		**641,128,540**	752,179,148
		398,822,809	55,366,202

10.1 Movement in deferred tax asset

	2009 Rupees	2008 Rupees
Opening balance	**55,366,202**	(25,036,526)
Provision during the year	**261,164,286**	80,402,728
Reversed during the year	**3,255,853**	-
Closing balance	**319,786,341**	55,366,202

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are reconginzed to the extent that the realization of the related tax benefits through future taxable profits is probable. The Group has not recognized deferred tax asset of Rs.79.036 million in respect of tax losses, as sufficient tax profits would not be available to set these off in the foreseeable future liabilities subsequent to years 2009 through 2013. Tax losses amounting to Rs.52.58 million, Rs.12.46 million, Rs.286.97 million, Rs.451.05 million expire in year 2010, 2011, 2012 and 2013 respectively.

11 Current maturities of non-current assets

	Note	2009 Rupees	2008 Rupees
Long term finances	7	**230,071,375**	6,107,076
Net investment in lease finance	6	**2,469,477,654**	2,054,660,109
		2,699,549,029	2,060,767,185

	Note	**2009 Rupees**	2008 Rupees
12 Short term finances			
Employees - considered good	12.1	**940,740**	804,120
Others			
Secured - considered good	12.2	**327,915,323**	383,830,000
Secured - considered doubtful		**2,366,634**	650,000
Less: Provision against doubtful finance	12.3	**993,327**	650,000
		1,373,307	-
		330,229,370	384,634,120

12.1 These represent staff loans to employees against their retirement benefits. These carry mark-up ranging from 13.00% to 18.64% (2008 : 11.99% to 13.65%) per annum.

12.2 These include short term finances provided to individuals against their certificates of investment and mortgage of property. These carry mark-up ranging from 14% to 22.48% (2008 : 12.53% to 20%) per annum.

	Note	**2009 Rupees**	2008 Rupees
12.3 Movement in provision against doubtful finances			
Opening balance		**650,000**	650,000
Charge for the year		**343,327**	-
Closing balance		**993,327**	650,000

	Note	**2009 Rupees**	2008 Rupees
13 Short term placements - considered good			
Secured			
Continuous funding system		**-**	139,437,308
Securities purchased under reverse repurchase agreements	13.1	**102,727,368**	360,988,000
		102,727,368	500,425,308

13.1 These represent short term funds placed under reverse repurchase agreements and carry an effective yield ranging from 14% to 25% (2008: 9.2% to 18.88%) on an average basis per annum.

Fair value of quoted securities held as collateral against lending on reverse repurchase agreement:

	Note	**2009 Rupees**	2008 Rupees
Quoted Shares			
These have been placed for a period upto one year		**148,166,089**	559,282,482

	Note	2009 Rupees	2008 Rupees
14 Short term investments			
Held for trading	14.1	**-**	98,271,493
Available for sale			
Government treasury bills	14.2	**178,260,000**	-
Listed shares / units			
Opening balance		**683,174,972**	608,541,510
Impairment loss charged to profit and loss account		**-**	(16,622,059)
Cost		**683,174,972**	591,919,451
(Deficit) on revaluation of investments		**(230,775,972)**	(120,299,798)
Impairment loss		**(230,775,972)**	-
	14.3	**221,623,028**	471,619,653
		399,883,028	569,891,146

14.1 Held for trading

	Shares/Units		Cost		Fair value	
	2009	2008	**2009**	2008	**2009**	2008
	Number	Number	**Rupees**	Rupees	**Rupees**	Rupees
Name of investee company						
Energy and power						
National Refinery Limited	-	22,000	-	8,572,960	-	6,544,340
Commercial Banks						
My Bank Limited	-	1,400,250	-	33,003,893	-	26,464,725
NIB Bank Limited	-	136,620	-	-	-	1,553,369
Samba Bank Limited	-	2,363,000	-	52,692,183	-	24,929,650
Investment Companies						
Arif Habib Securities Limited	-	85	-	14,338	-	13,728
Pervez Ahmed Securities Limited	-	98,793	-	-	-	4,897,169
Insurance						
Adamjee Insurance Company Limited	-	30,000	-	8,716,695	-	8,121,601
Cable and Electronics						
Pak Electron Limited	-	55,475	-	3,816,680	-	3,106,601
Automobiles						
Pak Suzuki Motors Company Limited	-	189,000	-	66,176,460	-	22,640,310
	-	4,295,223	-	172,993,209	-	98,271,493

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

14.1.2 Include shares of Rs. Nil (2008: 24.52 million) deposited with Bank Al-Habib Limited and Habib Bank Limited for overdraft facility.

14.1.3 During the year investments classified as held for trading having cost of Rs. 172,993,209 and market value of Rs. 98,271,493 were transferred to investments - available for sale as allowed under BSD Circular no.10 of 2004.

14.2 These represents Government treasury bills of face value of Rs. 200 million purchased for Rs. 178,260 million (2008: Nil) at discount. These are secured against money market borrowing made from Pak Oman Investment Company Limited.

14.3 Available for sale

	Shares/Units		Cost		Fair value	
	2009	2008	**2009**	2008	**2009**	2008
	Number	Number	**Rupees**	Rupees	**Rupees**	Rupees
Name of investee company						
Fertilizer						
Engro Chemicals Pakistan Limited	**348,740**	249,100	**86,665,143**	84,613,604	**44,788,678**	69,949,771
Fauji Fertilizer Company Limited	**2**	-	**-**	-	**174**	-
Energy and power						
Pakistan State Oil Limited	**86,300**	82,000	**42,907,645**	42,087,397	**18,437,995**	34,213,680
Attock Refinery Limited	**158,400**	147,000	**39,583,538**	44,081,667	**19,766,736**	36,732,360
Pakistan Refinery Limited	**45,012**	45,000	**6,813,094**	6,812,100	**4,042,078**	6,812,100
National Refinery Limited	**22,000**	-	**6,544,386**	-	**4,840,440**	-
Commercial Banks						
MCB Bank Limited	**220,097**	200,000	**85,813,733**	85,803,207	**34,121,638**	65,276,000
Bank Islami Pakistan Limited	**998,000**	998,000	**19,094,198**	19,094,198	**6,357,260**	14,780,380
My Bank Limited	**1,400,250**	-	**26,458,253**	-	**5,124,915**	-
NIB Bank Limited	**68,620**	-	780,209	-	**325,945**	-
Samba Bank Limited	**2,363,000**	-	**24,929,650**	-	**7,041,740**	-
Investment Companies						
Arif Habib Securities Limited	**462,606**	410,000	**64,832,558**	71,824,983	**12,786,430**	66,206,800
Pervez Ahmed Securities Limited	**949,043**	850,250	**63,591,030**	58,693,860	**5,020,437**	42,146,892
Jahangir Siddiqui Company Limited	**402,532**	110,000	**83,083,964**	81,825,798	**9,334,717**	58,316,500
Arif Habib Limited	**110,000**	88,000	**26,666,912**	26,666,912	**7,357,900**	21,735,120
PICIC Growth Fund	**12**	-	**-**	-	**101**	-
Insurance						
Adamjee Insurance Company Limited	**64,900**	29,000	**17,469,566**	9,341,761	**5,450,951**	7,850,900
Cement						
D. G. Khan Cement Limited	**336,000**	280,000	**19,919,200**	18,799,200	**9,962,400**	18,799,200
Textile						
Nishat Mills Limited	**335,000**	335,000	**42,274,764**	42,274,764	**12,669,700**	28,799,950
Cable and Electronics						
Pak Electron Limited	**55,475**	-	**3,106,600**	-	**1,359,692**	-
Automobiles						
Pak Suzuki Motors Company Limited	**189,000**	-	**22,640,529**	-	**12,833,100**	-
	8,614,989	3,823,350	**683,174,972**	591,919,451	**221,623,028**	471,619,653

14.3.1 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of "Floor Mechanism" by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008.

The Securities and Exchange Commission of Pakistan ("SECP") vide notification SRO 150 (1)/2009 dated 13 February 2009 allowed that the impairment loss, if any, recognized as on 31 December 2008 due to valuation of listed equity investments held as "Available for Sale" to quoted market prices may be shown under the equity. The amount shown under the equity including any adjustment/effect for price movements is to be taken to Profit and Loss Account on quarterly basis during the year ending 31 December 2009. The amount shown under equity at 31 December 2008 was to be treated as a charge to Profit and Loss Account for the purposes of distribution as dividend.

The impairment loss based on market values as at 31 December 2008 was determined at Rs. (476.786) million and was shown under equity. Of the impairment loss existing on December 2008 an amount of Rs. (230.775) million has been charged to the profit and loss account during the year ended 30 June 2009. The amount of Rs. (230.775) million being balance impairment loss as at 30 June 2009 has been retained in deficit on revaluation of investments. In view of the "Floor Mechanism" as explained above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for "Available for Sale" equity securities through Profit and Loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss based on market values as at 30 June 2009 would have had the following effect on these financial statements:

	2009
	Rupees
Effect of Impairment Loss in Profit and Loss Account	**(230,775,972)**
Effect on Tax charge for the year	**Nil**
Decrease in profit for the year	**(230,775,972)**
Increase in deficit on revaluation of Available for Sale securities	**(230,775,972)**
Decrease in Un-appropriated profit	**(230,775,972)**
Decrease in earning per share	**(3.94)**

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

14.3.3 Include shares of Rs. 152.60 million (2008: Rs. 309.27 million) deposited with Bank Al-Habib Limited and Habib Bank Limited for overdraft facility.

14.3.4 The fair values are determined with reference to quoted stock exchange prices as at 30 June 2009.

	Note	2009 Rupees	2008 Rupees
15 Markup accrued			
Mark-up accrued on sukuk bonds and term finance certificates	15.1	**2,484,511**	9,102,971
Mark-up accrued on short term and long term finances	15.2	**63,140,610**	21,985,378
Mark-up accrued on advance against leases		**7,116,176**	5,982,175
		72,741,297	37,070,524

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

	Note	2009 Rupees	2008 Rupees
Considered good		**2,484,511**	-
Considered doubtful			
Mark-up accrued on term finance certificates		**13,359,580**	-
Less: Suspension against doubtful receivables	15.1.1	**13,359,580**	-
		-	-
		2,484,511	-

15.1.1 Suspension against doubtful receivables

	2009 Rupees	2008 Rupees
Opening balance	**-**	-
Charge for the year	**13,359,580**	-
	13,359,580	-
Reversed during the year	**-**	-
Closing balance	**13,359,580**	-

15.2 Mark-up accrued on short term and long term finances

	Note	2009 Rupees	2008 Rupees
Considered good		**63,140,610**	-
Considered doubtful			
Mark-up accrued on term finance certificates		**12,806,407**	-
Less: Suspension against doubtful receivables	15.2.1	**12,806,407**	-
		-	-
		63,140,610	-

	Note	2009 Rupees	2008 Rupees
15.2.1 Suspension against doubtful receivables			
Opening balance		**-**	-
Charge for the year		**12,806,407**	-
		12,806,407	-
Reversed during the year		**-**	-
Closing balance		**12,806,407**	-

16 Advances, prepayments and other receivables

	Note	2009 Rupees	2008 Rupees
Advance to employees-considered good		**9,300**	16,167
Advance against leases	16.1	**47,690,836**	98,118,169
Advance against purchase of fixed assets		**800,000**	5,023,459
Other advances - considered good		**525,032**	381,801
Deposits		**981,200**	-
Initial transaction cost of term finance certificates		**-**	5,549,389
Receivable from clients		**307,984,414**	410,780,744
Receivable from broker		**17,595,083**	-
Prepayments		**9,401,481**	9,843,933
Advance income tax		**252,733**	-
Miscellaneous receivables from lessees	16.2	**110,985,985**	148,625,216
Other receivables - considered good		**9,091,429**	3,600,281
		505,317,493	681,939,159

16.1 These represent advance given to suppliers on behalf of lessees in respect of assets to be leased and are eventually transferred to net investment in lease finance when the assets are brought into use. Lessees are being charged with mark-up at 15.29% to 21.70% (2008: 14% to 20%) per annum against advances.

16.2 Miscellaneous receivables from lessees

	Note	2009 Rupees	2008 Rupees
Considered good		**110,985,985**	148,625,216
Considered doubtful			
Miscellaneous receivables from lessees		**105,260,821**	67,144,071
Less: Provision against doubtful receivables	16.2.1	**105,260,821**	67,144,071
		-	-
		110,985,985	148,625,216

16.2.1 Provision against doubtful receivables

	Note	2009 Rupees	2008 Rupees
Opening balance		**67,144,071**	59,159,946
Charge for the year		**63,059,967**	14,768,275
		130,204,038	73,928,221
Reversed during the year		**(24,943,217)**	(6,784,150)
Closing balance		**105,260,821**	67,144,071

	Note	2009 Rupees	2008 Rupees
17 Cash and bank balances			
Cash in hand		**1,161,455**	1,175,599
With banks in:			
Deposit accounts	17.1	**125,693,024**	232,202
Current accounts		**33,677,267**	91,880,971
		159,370,291	92,113,173
		160,531,746	93,288,772

17.1 Deposit accounts carry markup rate ranging from 4% to 12% per annum (2008: 4% to 7%).

	Note	2009 No. of shares	2008 No. of shares	2009 Rupees	2008 Rupees
18 SHARE CAPITAL					
Authorized					
Ordinary shares of Rs. 10 each		**80,000,000**	80,000,000	**800,000,000**	800,000,000
Preference shares of Rs. 10 each		**30,000,000**	30,000,000	**300,000,000**	300,000,000
		110,000,000	110,000,000	**1,100,000,000**	1,100,000,000
Issued, subscribed and paid up					
Ordinary shares of Rs. 10 each fully paid-up in cash		**20,142,984**	20,142,984	**201,429,840**	201,429,840
Ordinary shares of Rs. 10 each issued as bonus shares		**38,409,889**	38,409,889	**384,098,890**	384,098,890
	18.1	**58,552,873**	58,552,873	**585,528,730**	585,528,730

	2009 No. of Shares	2008 No. of Shares
18.1 Reconciliation of ordinary shares		
Opening balance of ordinary shares of Rs. 10 each	**58,552,873**	46,842,297
Bonus shares issued during the year (2008: Rs. NIL)	**-**	11,710,576
Closing balance of ordinary shares of Rs. 10 each	**58,552,873**	58,552,873

		Note	2009 Rupees	2008 Rupees
19	**Reserves**			
	Capital reserves			
	Statutory reserve	19.1	**206,758,319**	206,758,318
	Revenue reserves			
	General reserve		**61,000,000**	61,000,000
	Unappropriated profit		**(473,801,069)**	242,321,570
			(412,801,069)	303,321,570
			(206,042,749)	510,079,888

19.1 Statutory reserve

	2009 Rupees	2008 Rupees
Opening balance	**206,758,318**	176,801,730
Transfer from profit and loss account	**-**	29,956,588
	206,758,318	206,758,318

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. However, due to loss during the period, this rule is not applicable.

		Note	2009 Rupees	2008 Rupees
20	**(Deficit) on revaluation of investments**			
	Opening balance		**(120,299,798)**	6,594,532
	impairment during the year		**(341,252,146)**	(120,299,798)
	Transfer to profit and loss account on sale of available for sale securities		**-**	(6,594,532)
	Impairment charged to profit and loss account		**230,775,972**	-
	Closing balance		**(230,775,972)**	(120,299,798)
21	**Term Finance Certificates (TFC) - secured**			
	TFC II-1st Tranche	21.1	**37,500,000**	112,500,000
	TFC II-2nd Tranche	21.2	**112,500,000**	187,500,000
	TFC III	21.3	**599,880,000**	-
			749,880,000	300,000,000
	Less: Unamortized portion of the initial transaction cost		**9,327,018**	4,367,408
			740,552,982	295,632,592
	Less: Current maturity	26	**187,590,000**	150,000,000
			552,962,982	145,632,592

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

The principal is repayable in ten equal semi-annual installments in arrears starting from 17 January 2005. Each TFC 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 + 300 bps per annum with a floor of 6% and a cap of 10%. The profit rate is set seven days before the start of semi- annual period for which the profit is being paid.

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

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

The principal is repayable in ten equal semi-annual installments in arrears starting from 15 May 2006. Each TFC 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 + 200 bps per annum with no floor and no cap. The profit rate is set on the first day of the start of each semi-annual period for which the profit is being paid.

TIBL 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 three years period from the date of public subscription. 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.

21.3 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.

TIBL 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.

	Note	**2009** **Rupees**	2008 Rupees
22 Long term certificates of investment - unsecured			
Local currency			
- Financial institutions		**308,333,333**	858,333,333
- Corporates		**14,000,340**	13,642,940
- Individuals		**12,275,000**	124,180,955
	22.1	**334,608,673**	996,157,228
Less: Current maturity	26	**101,800,000**	895,403,258
		232,808,673	100,753,970

22.1 These represent deposits received by the TIBL as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates are issued for term ranging from over 1 year to 6 years at rates of profit ranging from 11% to 22.22% (2008: 10% to 14%) per annum.

		Note	**2009** **Rupees**	2008 Rupees
23	**Long term borrowings - secured**			
	Banking companies and other financial institutions:			
	The Bank of Punjab Limited	23.1	**37,499,996**	79,166,666
	Faysal Bank Limited	23.2	**58,333,334**	83,333,333
	Allied Bank Limited	23.3	**224,722,222**	50,000,000
	Habib Bank Limited	23.4	**41,666,669**	66,666,668
	Pak Oman Investment Company (Pvt.) Ltd.	23.5	**23,000,000**	-
	Syndicated Term Finance	23.6	**-**	20,940,432
	The Bank of Khyber	23.7	**150,000,000**	-
	Saudipak Industrial & Agricultural Investment Company (Pvt.) Limited.	23.8	**12,499,997**	33,333,328
	Standard Chartered Bank Limited	23.9	**291,666,665**	454,888,888
	Pak Oman Assets Management Company Ltd	23.10	**42,714,286**	-
	Atlas Bank Limited	23.11	**150,000,000**	200,000,000
	Pak Iran Joint Investment Co. Limited	23.12	**92,000,000**	-
			1,124,103,169	988,329,315
	Less: Current portion shown under current liabilities	26	**578,567,458**	386,848,127
			545,535,711	601,481,188

23.1 This represents a facility of Rs.100 million. This facility is secured against first charge on specific leased assets and related receivables. These carry mark-up rate of 3 month KIBOR + 250 bps per annum with a floor of 4.5%. This facility is repayable in sixteen equal quarterly installments starting from 30 March 2007 and expiring on 31 December 2010.

23.2 This represents a facility of Rs.100 million. The facilities are secured against first charge on specific leased assets with 25% margin and carry mark-up rate of 6 month KIBOR + 190 bps per annum. These facilities are repayable in twelve equal quarterly installments starting from 29 October 2007 and expiring on 31 July 2010.

23.3 These represent two facilities of an aggregate amount of Rs. 300 million. One facility of Rs.100 million is secured against first charge on specific leased assets and related receivables of Rs. 135 million with 25% margin. Whereas the money market borrowing amount to Rs. 200 million is converted into long term unsecured facility at a mutually agreed terms. These carries mark-up at the rates of 6 month KIBOR + 250 bps per annum and 1 month KIBOR + 200 bps per annum respectively. These facilities are repayable in ten equal semi-annual and thirty six equal monthly installments starting from 30 June 2006 and 01 June 2009 respectively and expiring on 31 December 2010 and 01 May 2012.

23.4 This represents a facility of Rs. 100 million. The facility is secured against first charge on specific leased assets and related receivables and carry mark-up at the rate of 6 month KIBOR + 250 bps per annum with no floor and no cap. The facility is repayable in twelve equal quarterly installments starting from 30 September 2007 and expiring on 30 June 2010.

23.5 This represents a facility of Rs. 23 million. The facility is secured against first charge on specific loan receivables with a margin of 25%. It carries mark-up at the rate of 3 month KIBOR + 250 bps per annum. The facility is repayable in twelve equal monthly installments starting from 23 August 2009 and expiring on 23 July 2010.

23.6 This has been repaid during the year.

23.7 This represents facility of Rs.150 million. The facility is secured against first charge on specific leased assets and related receivables. It carries mark-up at the rate of 3 month KIBOR + 300 bps per annum. The facility is repayable in twelve equal quarterly instalments starting from 30 September 2009 and expiring on 30 June 2012.

23.8 This represents a facility of Rs. 50 million. The facility is secured against first charge on specific leased assets and related receivables to the extent of Rs. 70 million. It carries mark-up at the rate of 3 month KIBOR + 275 bps per annum. The facility is repayable in twelve equal quarterly installments starting from 13 April 2007 and expiring on 13 January 2010.

23.9 This represents a facility of Rs. 500 million for the purpose of expansion of lease portfolio. The facility is secured against lease receivables. 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 expiring on 28 February 2011.

23.10 This represents a facility of Rs. 46 million. The facility is secured against lease receivables. It carries mark-up at the rate of 3 month KIBOR + 250 bps. The facility is repayable in twelve equal monthly installments starting from 15 June 2009 and expiring on 15 July 2010.

23.11 This represents a term finance facility of Rs. 200 million. The facility is secured against first charge on specific/exclusive leased assets and related receivables. It carries mark-up at the rate of 3 month KIBOR + 185 bps per annum. The facility is repayable in sixteen equal quarterly installments starting from 28 June 2008 and expiring on 28 May 2012.

23.12 This represents a facility of Rs. 96 million. The facility is secured against first charge on specific/exclusive leased assets worth Rs. 150 million and related receivables with 25% margin. It carries mark-up at the rate of 1 month KIBOR + 325 bps per annum. The facility is repayable in twenty four equal monthly installments starting from 04 May 2009 and expiring on 04 April 2011.

	Note	**2009 Rupees**	2008 Rupees
24 Long term deposits			
Margin against letters of guarantee		**13,418,460**	23,362,860
Deposits against lease arrangements	24.1	**1,074,733,063**	1,218,771,389
Less: Current maturity	26	**355,320,950**	215,914,768
		719,412,113	1,002,856,621
		732,830,573	1,026,219,481

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

	Note	2009 Rupees	2008 Rupees
25 Staff service cost			
Gratuity	25.1	**4,522,135**	2,343,011
Leave encashment	25.2	**4,407,283**	4,248,992
		8,929,418	6,592,003

	Note	Gratuity 2009 Rupees	Gratuity 2008 Rupees	Leave encashment 2009 Rupees	Leave encashment 2008 Rupees
25.1 Amount recognised in the balance sheet					
Present value of defined benefit obligations	25.1.1	**8,924,628**	10,194,637	**4,407,283**	4,248,992
Less: Fair value of plan assets	25.1.2	**(2,264,209)**	(5,647,850)	**-**	-
Less: Actuarial gains/(losses) to be recognized in later periods		**(3,299,284)**	(3,614,409)	**-**	-
Add: Benefits due but not paid		**1,161,000**	80,583	**-**	-
Less: Unrecognized transitional liability to be recognized in later periods		**-**	-	**-**	-
		4,522,135	1,012,961	**4,407,283**	4,248,992
25.1.1 Movement in the defined benefit obligation					
Present value of defined benefit obligation at beginning of the year		**10,194,637**	7,907,331	**4,843,062**	3,215,010
Current service cost for the year		**3,203,116**	5,974,242	**425,813**	1,777,690
Interest cost for the year		**1,223,356**	790,733	**581,167**	321,501
Benefits paid / discharged during the year		**(1,132,827)**	(4,669,952)	**(1,121,557)**	(1,605,586)
Benefits due, but not paid during the year		**(1,161,000)**	(80,583)	**-**	-
Actuarial (gains) due to curtailments		**(4,279,308)**	-	**-**	-
Actuarial (gain) / loss on PVDBO		**876,654**	272,866	**(321,202)**	1,134,447
		8,924,628	10,194,637	**4,407,283**	4,843,062
25.1.2 Movement in the fair value of plan assets					
Fair value of plan assets as at 30 June 2008		**5,647,850**	2,239,798	**-**	-
Adjustment for last year (short term liability)		**(3,322,772)**	1,992,724	**-**	-
Total contributions made in the year		**1,155,681**	6,000,000	**-**	-
Expected return on plan assets for the year		**677,742**	223,980	**-**	-
Benefits paid / discharged during the year		**(1,155,681)**	(4,669,952)	**-**	-
Actuarial gain / (loss) on assets		**(738,611)**	(138,700)	**-**	-
		2,264,209	5,647,850	**-**	-
25.2 Movement of liability					
Balance sheet liability as at 30 June 2008		**2,343,011**	1,992,723	**4,248,992**	2,026,869
Adjustment for last year (short term liability)		**3,322,772**	-	**-**	-
Amount recgnised during the year under IAS-19 25.3		**2,707,487**	5,020,239	**1,279,848**	3,827,709
Contribution made by the bank during the year		**(3,793,406)**	(4,669,952)	**(926,133)**	(1,605,586)
		4,579,864	2,343,010	**4,602,707**	4,248,992

	Note	Gratuity 2009 Rupees	Gratuity 2008 Rupees	Leave encashment 2009 Rupees	Leave encashment 2008 Rupees
25.3 Gratuity scheme expense recognised in the profit & loss account:					
Current service cost		**4,510,791**	5,974,242	**425,813**	1,777,690
Interest cost		**1,223,356**	790,733	**581,167**	321,501
Expected return on plan assets		**(677,742)**	(223,980)	**-**	-
Actuarial (Gains) / losses charge		**185,353**	185,547	**(321,202)**	1,134,447
Loss charged due to change in benefits		**1,745,037**	-	**-**	-
(Gains) charged due to change in benefits (i.e. Curtailments)		**(4,279,308)**	286,421	**594,070**	594,071
		2,707,487	7,012,963	**1,279,848**	3,827,709
25.4 Actual return on the plan assets					
Expected return on the plan assets		**677,742**	223,980	**-**	-
Actuarial gain/(loss) on plan assets		**(738,611)**	(138,700)	**-**	-
Actual return on the plan assets		**(60,869)**	85,280	**-**	-

25.5 Qualified actuary carried out the valuation as on 30 June 2009 using the Projected Unit Credit Method. Following significant assumptions were used.

	Gratuity 2009	Gratuity 2008	Leave encashment 2009	Leave encashment 2008
Discount rate	**12% per annum**	12% per annum	**12% per annum**	12% per annum
Expected rate of increase in salary	**11% per annum**	11% per annum	**11% per annum**	11% per annum
Expected rate of return on plan assets	**12% per annum**	12% per annum	**-**	-
Average number of leaves utilised per annum	**-**	-	**8 Days**	8 Days
Expected average remaining years until vesting as on 30 June	**14 years**	14 years	**-**	-

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

	2009 Rupees	2008 Rupees	2007 Rupees	2006 Rupees	2005 Rupees
As at 30 June					
Present value of defined obligation	**8,924,628**	10,194,637	7,907,331	17,912,230	6,506,811
Fair value of plan assets	**2,264,209**	5,647,850	5,647,850	2,239,798	1,923,197
Deficit	**(6,660,419)**	(4,546,787)	(2,259,481)	(15,672,432)	(4,583,614)

Fair value of plan assets include certificates of investments, whose fair value as at 30 June 2009 is Rs. 2.265 million (2008: Rs. 5.647 million).

	Note	**2009 Rupees**	2008 Rupees
26 Current maturities of long term liabilities			
Term finance certificates - secured	21	**187,590,000**	150,000,000
Certificates of investment - unsecured	22	**101,800,000**	895,403,258
Long term borrowings - secured	23	**578,567,458**	386,848,127
Long term deposits	24	**355,320,950**	215,914,768
Pre - IPO Subscription of Term Finance Certificates		**-**	90,000
		1,223,278,408	1,648,256,153
27 Short term certificates of investment - unsecured			
Local currency			
- Financial institutions		**11,300,000**	750,000,000
- Corporate		**608,326,538**	240,962,953
- Individuals		**407,659,801**	51,219,038
		1,027,286,339	1,042,181,991

27.1 These represent unsecured short term certificates of investment for a period of three months to one year. These carry mark-up rate ranging from 11% to 18.50% (2008: 8.25% to 18%) per annum.

	Note	**2009 Rupees**	2008 Rupees
28 Short term borrowings			
Banking companies and other financial institutions:			
Running finances - secured	28.1	**321,693,339**	332,216,672
Placements from financial institutions - unsecured	28.2	**1,504,790,413**	1,579,185,500
		1,826,483,752	1,911,402,172

28.1 These represent running finances utilized from commercial banks. The total limits against running finances amount to Rs. 425.00 million (2008: Rs. 455 million). These carry mark-up rate ranging from 3 month KIBOR + 100 bps to 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% (2008: 3 months KIBOR + 100 bps to 3 month KIBOR + 250 bps) 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.

	2009 Rupees	2008 Rupees
Carrying amount of quoted shares given as collateral against borrowings	**152,603,119**	333,800,683

28.2 These represent unsecured short term placements of one day to four months obtained from financial institutions carrying mark-up rate ranging from 7% to 45% (2008: 6.25% to 26%).

		Note	2009 Rupees	2008 Rupees
29	**Mark-up accrued**			
	Secured			
	- Short and long term borrowings		**48,893,504**	49,020,712
	- Term finance certificates		**55,149,729**	15,475,668
			104,043,233	64,496,380
	Unsecured			
	- Certificates of investment		**33,062,182**	28,735,462
			137,105,415	93,231,842

		Note	2009 Rupees	2008 Rupees
30	**Trade and other payables**			
	Payable to National Clearing Company of Pakistan Limited		**-**	377,328
	Customer's credit balances		**6,014,829**	47,689,653
	Payable to broker		**57,674,599**	-
	Advance receipt against leases	30.1	**9,101,194**	20,206,853
	Unclaimed dividend		**3,136,308**	3,221,681
	Accrued liabilities		**3,637,058**	2,485,230
	Withholding tax payable		**478,987**	-
	Other liabilities		**15,797,572**	7,170,817
			95,840,547	81,151,562

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

31 Contingencies and commitments

31.1 Contingencies

31.1.1 TIBL has issued guarantees to various parties on behalf of clients amounting to Rs. 208.291 Million. (2008: Rs. 182.342 million)

31.2 Commitments

31.2.1 Lease commitments approved but not disbursed as on balance sheet date amount to Nil (2008 : Rs. 123.142 million).

31.2.2 Commitment for the purchase of office space amounting to Rs. 2.45 million (2008: Rs. 29.63 million).

	Note	**2009 Rupees**	2008 Rupees
32 Income from lease operations			
Finance lease income		**420,105,542**	439,342,722
Front end fee		**345,244**	842,123
Commitment and other fees		**970,840**	8,275,411
Miscellaneous	32.1	**33,460,037**	37,435,919
		454,881,663	485,896,175
32.1 Miscellaneous lease income			
Mark-up on lease advance		**10,090,726**	10,805,362
Additional lease rentals		**23,369,311**	26,630,557
		33,460,037	37,435,919
33 Income from investments			
(Loss)/Profit on disposal of investment held for trading		**(30,364,891)**	135,248,716
Profit on investment in continuous funding system		**1,791,769**	27,833,456
Profit on disposal of shares under reverse repurchase agreements		**33,295,491**	46,468,204
(Loss)/Profit on disposal of shares purchased under future contract		**(121,344)**	1,094,383
Profit on short term placements and long term investments		**27,372,200**	41,927,450
Dividend income		**9,963,365**	10,251,250
Underwriting and trusteeship fee		**288,000**	1,613,625
Income from Investment Banking		**1,196,638**	-
Gain on disposal of investments available for sale		**-**	9,472,666
		43,421,228	273,909,750
34 Income from term finances			
34.1 Mark- up earned on long term finances			
Employees		**97,252**	1,053,271
Customers		**93,753,473**	16,569,055
		93,850,725	17,622,326
34.2 Mark- up earned on short term finances			
Employees		**2,595,891**	95,980
Customers		**76,691,740**	26,392,670
		79,287,631	26,488,650
		173,138,356	44,110,976

		Note	2009 Rupees	2008 Rupees
35	**Other income**			
	Gain on disposal of operating fixed assets	5.1.1	**1,642,627**	22,448,499
	Commission income		**2,486,063**	2,462,351
	Profits on bank deposits		**4,488,779**	141
	Miscellaneous		**6,895,872**	65,927,650
			15,513,341	90,838,641
36	**Finance cost**			
	Mark-up on long term borrowings		**131,188,307**	87,925,764
	Mark-up on term finance certificates		**135,692,917**	104,343,216
	Mark-up on short term borrowings		**342,756,886**	118,927,462
	Mark-up on certificates of investment		**202,959,142**	210,140,148
	Mark-up on running finance		**64,734,441**	8,556,271
	Commitment and other processing fee		**2,270,103**	2,686,995
	Bank charges and commission		**6,335,954**	5,893,085
			885,937,750	538,472,941
37	**Administrative and operating expenses**			
	Salaries and other benefits	37.1	**115,716,347**	103,312,972
	Printing and stationery		**2,554,324**	3,890,737
	Vehicle running and maintenance		**8,519,832**	8,674,886
	Postage, telephone and telex		**7,046,966**	7,349,169
	Traveling and conveyance		**3,578,514**	3,448,512
	Boarding and lodging		**427,949**	686,729
	Entertainment		**1,889,391**	2,102,391
	Advertisement		**782,802**	697,081
	Electricity, gas and water		**4,493,412**	3,734,036
	Newspapers and periodicals		**160,665**	159,795
	Auditors' remuneration	37.2	**970,000**	558,850
	Fee and subscription		**1,508,030**	1,436,301
	Corporate expenses		**1,165,290**	1,355,296
	Staff service costs		**3,987,335**	8,817,108
	Software		**-**	117,410
	Rent, rates and taxes		**25,415,760**	24,734,932
	Insurance		**4,565,502**	3,785,547
	Donation	37.3	**272,220**	-
	Office maintenance		**5,294,523**	3,239,529
	Legal and professional charges		**2,780,316**	4,307,851
	Impairment of tangible and intangible assets		**1,234,163**	-
	Receivable from customer written off		**128,046,759**	-
	Security charges		**2,271,758**	2,244,770
	Staff training		**90,600**	136,827
	Business promotion		**8,000**	-
	Commission on recovery-outsource		**1,605,206**	3,410,988
	CDC and clearing charges		**1,752,428**	3,278,866
	Miscellaneous		**2,780,853**	2,175,433
			328,918,945	193,656,016

37.1 It includes provision for gratuity and compensated leave absences amounting to Rs.2.933 million and Rs.1.054 million respectively (2008: Rs. 5.020 million and Rs. 3.828 million respectively).

	Note	2009 Rupees	2008 Rupees
37.2 Auditors' remuneration			
Audit fee			
Annual		**750,000**	350,000
Half Yearly Review		**100,000**	80,000
Certifications fee and other services		**-**	70,000
Out of pocket expenses		**60,000**	58,850
		970,000	558,850

37.3 Donations include payment of Rs. 272,220 (2008: Nil) to Prime Minister's Fund for Internally Displaced Persons (IDP's).

38 Other charges

		2009	2008
Lease receivables written off		**4,218,967**	1,020,487
Penalties imposed by the Lahore Stock Exchange		**-**	10,000
		4,218,967	1,030,487

39 Provision for taxation

	Note	2009	2008
For the year			
- Current		**(125,744)**	2,904,711
- Deferred	39.1	**261,164,286**	(86,563,292)
		261,038,542	(83,658,581)

39.1 Deferred tax asset comprises of deductible temporary differences amounting to Rs. 2,056.89 million and taxable temporary differences amounting to Rs. 912.44 million.

40 (Loss)/Earnings per share - basic

		2009	2008
(Loss)/Profit for the year after taxation	Rupees	**(716,470,026)**	149,782,942
Weighted average number of ordinary shares	Numbers	**58,552,872**	58,552,873
(Loss)/Earnings per share	Rupees	**(12.24)**	2.56

40.1 No figure for diluted (loss)/earnings per share has been presented as the Group has not issued any instrument which would have an impact on its earnings per share.

41 Remuneration of chief executive, executives and directors

	Chief Executive		Directors		Executives	
	2009	2008	**2009**	2008	**2009**	2008
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	**5,181,500**	3,483,000	**-**	-	**25,339,839**	16,338,112
Housing and utilities	**2,851,833**	1,917,000	**-**	-	**13,946,732**	8,992,294
Bonus	**290,250**	290,323	**-**	-	**1,321,904**	1,498,842
Medical	**104,977**	98,948	**-**	-	**1,143,088**	722,146
Others	**-**	937,951	**-**	-	**7,882,024**	5,542,856
Gratuity	**-**	571,753	**-**	-	**464,400**	2,751,122
Directorship Fee	**20,000**	105,000	**1,520,000**	405,000	**-**	-
	8,448,560	7,403,975	**1,520,000**	405,000	**50,097,987**	35,845,372
Number of persons	**2**	1	**6**	3	**34**	19

41.1 In addition to the above remuneration chief executive and some executives were also provided with free use of Company maintained vehicles.

41.2 Fee was paid to CEO and directors for attending the board meetings amounting to Rs. 1,540,000 (2008: Rs. 510,000).

42 Financial instruments and related disclosures

The Group's interest / mark-up sensitivity position for interest/mark-up bearing financial assets and liabilities and the periods in which they will mature is as follows:

	2009																
	EXPOSED TO INTEREST / MARK - UP RISK																
	EXPOSED TO FAIR VALUE INTEREST RATE RISK							EXPOSED TO CASH FLOW INTEREST RATE RISK									
	Interest rates	Upto three months	Over three months to one year	Over one year to three years	Over three years to five years	Over five years	Total	Upto three months	Over three months one year	Over one year to three years	Over three years to five years	Over five years	Total		Not exposed to interest/ mark-up risk	2009 Total
	% age	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
On balance sheet financial assets and liabilities																
Financial assets																
Net investment in lease finance	8% - 26.76 %	285,548,108	2,183,929,546	776,659,370	552,341,485	-	3,798,478,509	-	-	-	-	-	-	3,798,478,509	-	3,798,478,509
Long term finances	4% -17.73 %	-	-	-	-	-	-		230,071,375	348,440,998	-	-	578,512,373	578,512,373	-	578,512,373
Long term investments	14%-25%	-	-	-	-	-	-	-	-	-	232,976,000	-	232,976,000	232,976,000		232,976,000
Short term finances	13 % - 18.64 %	-	-	-	-	-	-	-	329,846,962	-	-	-	329,846,962	329,846,962	-	329,846,962
Short term placements	14%-25%	280,987,368	-	-	-	-	280,987,368	-	-	-	-	-	-	280,987,368	-	280,987,368
Short term investments		-	-	-	-	-	-	-	-	-	-	-	-	-	221,623,027	221,623,027
Mark-up accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	85,019,434	85,019,434
Advances, prepayments and other receivables	15.29 % - 21.70 %	-	47,690,836	-	-	-	47,690,836	-	-	-	-	-	-	47,690,836	456,427,739	504,118,575
Cash and bank balances	4% - 12%	125,693,024	-	-	-	-	125,693,024	-	-	-	-	-	-	125,693,024	33,099,102	158,792,126
		692,228,500	2,231,620,382	776,659,370	552,341,485	-	4,252,849,737	-	559,918,337	348,440,998	232,976,000	-	1,141,335,335	5,394,185,072	796,169,302	6,190,354,374
Financial liabilities																
Term finance certificates	10.00% -17.69%	-	-	-	-	-	-	37,620,000	149,970,000	487,320,000	65,642,982	-	740,552,982	740,552,982	-	740,552,982
Long term certificates of investments	13.75% -22.22%	600,000	1,200,000	328,033,673	4,775,000	-	334,608,673	-	-	-	-	-	-	334,608,673	-	334,608,673
Long term borrowings	12.03.% -18.27%	-	-	-	-	-	-	148,539,657	391,404,761	584,158,751		-	1,124,103,169	1,124,103,169	-	1,124,103,169
Short term certificates of investments	9% -18.34%	679,584,910	347,701,429	-	-	-	1,027,286,339	-	-	-	-	-	-	1,027,286,339	-	1,027,286,339
Short term borrowings	11% -45.00%	1,826,483,752		-	-	-	1,826,483,752	-	332,216,672	-	-	-	332,216,672	2,158,700,424	-	2,158,700,424
Mark-up accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	137,105,415	137,105,415
Trade and other payables		-	-	-	-	-	-	-	-	-	-	-	-	-	29,589,890	29,589,890
		2,506,668,662	348,901,429	328,033,673	4,775,000	-	3,188,378,764	186,159,657	873,591,433	1,071,478,751	65,642,982	-	2,196,872,823	5,385,251,587	166,695,305	5,551,946,892
On balance sheet gap		(1,814,440,162)	1,882,718,953	448,625,697	547,566,485	-	1,064,470,973	(186,159,657)	(313,673,096)	(723,037,753)	167,333,018	-	(1,055,537,488)	8,933,485	629,473,997	638,407,482
Off balance sheet financial assets and liabilities																
Lease commitments		-	-	-	-		-	-	-	-	-	-	-	-	-	-
Off balance sheet gap		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap		(1,814,440,162)	1,882,718,953	448,625,697	547,566,485	-		(186,159,657)	(313,673,096)	(723,037,753)	167,333,018	-	-	-	-	-
Cumulative interest rate sensitivity gap			68,278,791	516,904,488	1,064,470,973	1,064,470,973	-	-	(499,832,753)	(1,222,870,506)	(1,055,537,488)	(1,055,537,488)		8,933,485	-	-

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

Financial instruments and related disclosures

The Group's interest / mark-up sensitivity position for interest/mark-up bearing financial assets and liabilities and the periods in which they will mature is as follows:

	2008															
	EXPOSED TO INTEREST / MARK - UP RISK															
		EXPOSED TO FAIR VALUE INTEREST RATE RISK						EXPOSED TO CASH FLOW INTEREST RATE RISK								
	Interest rates	Upto three months	Over three months to one year	Over one year to three years	Over three years to five years	Over five	Total	Upto three months	Over three months one year	Over one year to three years	Over three years to five years	Over five years	Total		Not exposed to interest/ mark-up risk	2008 Total
	% age	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
On balance sheet financial assets and liabilities																
Financial assets																
Net investment in lease finance	6.75% - 24 %	347,895,421	856,644,417	2,003,641,420	1,417,202,034	-	**4,625,383,292**	-	-	-	-	-	-	**4,625,383,292**	-	**4,625,383,292**
Long term finances	4% - 29 %	-	-	-	-	-	-	-	6,107,076	563,347,630	-	-	**569,454,706**	**569,454,706**	-	**569,454,706**
Long term investments	14%-17%	-	-	-	-	-	-	-	-	-	279,992,000	-	**279,992,000**	**279,992,000**	527,614	**280,519,614**
Short term finances	12.5 % - 20 %	-	-	-	-	-	-	-	384,634,120	-	-	-	**384,634,120**	**384,634,120**	-	**384,634,120**
Short term placements	9.2%-18.9%	360,988,000	-	-	-	-	**360,988,000**	139,437,308	-	-	-	-	**139,437,308**	**500,425,308**	-	**500,425,308**
Short term investments		-	-	-	-	-	-	-	-	-	-	-	-	-	569,891,145	**569,891,145**
Mark up accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	37,070,524	**37,070,524**
Advances, prepayments and other receivables	12 % - 20 %	-	98,118,169	-	-	-	**98,118,169**	-	-	-	-	-	-	**98,118,169**	583,860,990	**681,979,159**
Cash and bank balances	5% to 9%	232,202	-	-	-	-	**232,202**	-	-	-	-	-	-	**232,202**	93,056,571	**93,288,773**
		709,115,623	954,762,586	2,003,641,420	1,417,202,034	-	**5,084,721,663**	139,437,308	390,741,196	563,347,630	279,992,000	-	**1,373,518,134**	**6,458,239,797**	1,284,406,844	**7,742,646,641**
Financial liabilities																
Term finance certificates	11.00% -14.00%	-	-	-	-	-	-	37,500,000	112,500,000	145,632,592	-	-	**295,632,592**	**295,632,592**	-	**295,632,592**
Long term certificates of investments	11% -16.67%	2,022,940	873,660,318	100,753,970	19,720,000	-	**996,157,228**	-	-	-	-	-	-	**996,157,228**	-	**996,157,228**
Long term borrowings	11.00% -14.25%	-	-	-	-	-	-	134,498,414	386,848,127	416,982,774	50,000,000	-	**988,329,315**	**988,329,315**	-	**988,329,315**
Pre- IPO subscription of Term Finance Certificates	14% to 15.10%	-						-	90,000	168,772,500	224,910,000	56,227,500	**450,000,000**	**450,000,000**		**450,000,000**
Short term certificates of investments	8.5% -18%	3,319,733	1,038,862,258	-	-	-	**1,042,181,991**	-	-	-	-	-	-	**1,042,181,991**	-	**1,042,181,991**
Short term borrowings	4.5% -13.00%	794,185,500	785,000,000	-	-	-	**1,579,185,500**	-	332,216,672	-	-	-	**332,216,672**	**1,911,402,172**	-	**1,911,402,172**
Markup accrued		-	-	-	-	-	-	-	-	-	-	-	-	-	93,231,841	**93,231,841**
Trade and other payables		-	-	-	-	-	-	-	-	-	-	-	-	-	81,151,562	**81,151,562**
		799,528,173	2,697,522,576	100,753,970	19,720,000	-	**3,617,524,719**	171,998,414	831,654,799	731,387,866	274,910,000	-	**2,066,178,579**	**5,683,703,298**	174,383,403	**5,858,086,701**
On balance sheet gap		(90,412,550)	(1,742,759,990)	1,902,887,450	1,397,482,034	-	**1,467,196,944**	(32,561,106)	(440,913,603)	(168,040,236)	5,082,000	-	**(692,660,445)**	**774,536,499**	1,110,023,441	**1,884,559,940**
Off balance sheet financial assets and liabilities																
Lease commitments		(23,456,234)	(99,685,766)	-	-		**(123,142,000)**	-	-	-	-	-	-	**(123,142,000)**	-	**(123,142,000)**
Off balance sheet gap		(23,456,234)	(99,685,766)	-	-	-	**(123,142,000)**	-	-	-	-	-	-	**(123,142,000)**	-	**(123,142,000)**
Total interest rate sensitivity gap		(113,868,784)	(1,842,445,756)	1,902,887,450	1,397,482,034	-	-	(32,561,106)	(440,913,603)	(168,040,236)	5,082,000	-		-	-	-
Cumulative interest rate sensitivity gap			(1,956,314,540)	(53,427,090)	1,344,054,944	1,344,054,944	-	-	(473,474,709)	(641,514,945)	(636,432,945)	(636,432,945)		**707,621,999**	-	-

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

42.1 Credit risk

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

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

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

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

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

	June 2009 Rupees	**%**	June 2008 Rupees	%
Industrial sectors				
Chemical & fertilizer	**35,780,637**	**0.77%**	59,916,859	1.06%
Construction	**320,920,330**	**6.93%**	516,341,304	9.15%
Financial institutions	**694,634**	**0.02%**	5,402,191	0.10%
Health care	**133,667,759**	**2.89%**	116,664,152	2.07%
Hotels	**10,114,601**	**0.22%**	97,319,007	1.72%
Individuals / auto lease	**1,729,389,301**	**37.37%**	2,021,835,544	35.82%
Insurance companies	**4,787,663**	**0.10%**	7,852,438	0.14%
Miscellaneous manufacturing	**294,091,701**	**6.35%**	289,601,061	5.13%
Miscellaneous services	**150,052,897**	**3.24%**	267,162,545	4.73%
Natural gas & LPG	**489,044,195**	**10.57%**	152,724,690	2.71%
Paper & board	**14,391,125**	**0.31%**	20,178,260	0.36%
Steel & engineering	**12,895,411**	**0.28%**	135,813,506	2.41%
Sugar & allied	**28,136,156**	**0.61%**	63,045,144	1.12%
Textile composite	**115,948,964**	**2.51%**	186,359,148	3.30%
Textile knitwear / apparel	**127,788,208**	**2.76%**	187,454,316	3.32%
Textile spinning	**131,135,495**	**2.83%**	150,870,856	2.67%
Transport & communication	**1,028,888,193**	**22.23%**	1,365,232,133	24.19%
	4,627,727,270	**100%**	5,643,773,154	100%

42.2 Liquidity Risks

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining.

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

	Within one year	More than one year and up to five years	Over five years	Total
	Rupees	Rupees	Rupees	Rupees
Maturities of assets and liabilities				
Assets				
Property and equipment	-	-	110,710,489	**110,710,489**
Intangible assets	-	-	838,083	**838,083**
Net investment in lease finance	2,469,477,654	1,329,000,855	-	**3,798,478,509**
Long term finances	230,071,375	348,440,998	-	**578,512,373**
Long term investments	-	232,976,000	-	**232,976,000**
Long term advances	-	124,556,726	-	**124,556,726**
Long term deposits	-	-	2,625,919	**2,625,919**
Deferred tax asset	-	58,622,055	-	**58,622,055**
Short term finances	329,846,962	-	-	**329,846,962**
Short term placements	280,987,368	-	-	**280,987,368**
Short term investments	-	221,623,027	-	**221,623,027**
Taxation -net	35,716,713	-	-	**35,716,713**
Mark-up accrued	85,019,434	-	-	**85,019,434**
Advances, prepayments and other receivables	392,561,079	111,557,496	-	**504,118,575**
Cash and bank balances	158,792,126	-	-	**158,792,126**
	3,982,472,711	2,426,777,157	114,174,491	**6,523,424,359**
Liabilities				
Term finance certificates	187,590,000	552,962,982	-	**740,552,982**
Long term certificates of investment	101,800,000	232,808,673	-	**334,608,673**
Long term borrowings	536,567,458	587,535,711	-	**1,124,103,169**
Long term deposits	355,320,950	732,830,573	-	**1,088,151,523**
Staff service costs	-	7,183,212	-	**7,183,212**
Short term certificates of investment	1,027,286,339	-	-	**1,027,286,339**
Short term borrowings	1,826,483,752	-	-	**1,826,483,752**
Mark-up accrued	137,105,415	-	-	**137,105,415**
Trade and other payables	29,589,890	-	-	**29,589,890**
	4,201,743,804	2,113,321,151	-	**6,315,064,955**
Net assets	(219,271,093)	313,456,006	114,174,491	**208,359,404**
Equity				
Share capital				**585,528,730**
Reserves				**(156,545,395)**
				428,983,335
(Deficit) on revaluation of investments				**(230,775,972)**
Suplus on revaluation of assets-net				**10,152,041**
				208,359,404

42.3 Fair value of financial instruments

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

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

42.4 Interest rate risk exposure

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

42.5 Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operation income dividend by total capital employed. The board of directors also monitors the level of dividends to individuals ordinary shareholders.

TIBL

TIBL is exposed to externally imposed capital requirements.

Vide its notification dated 21 November 2008, the Securities and Exchange Commission of Pakistan has announced certain revisions in the Non-Banking Finance Companies Rules, 2003 and has promulgated the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The existing NBFCs have been allowed different time limits for aligning themselves with different capital requirements.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debt.

In the presence of equity shortfall, the management has taken the following step to bring its equity to the minimum equity required level as required by NBFC's & Notified Entities Regulations, 2008. Subsequent to year ended 30 June 2009, the managemet is working to market the preference shares of Rs. 700 million inclusive of Rs. 200 million of green shoe option. Further, a foreign investment Group has shown interest to inject foreign equity to an amount of Rs. 585 million.

	2009 Rupees	2008 Rupees

43 Cash and cash equivalents

	2009 Rupees	2008 Rupees
Cash and bank balances	**160,531,746**	93,288,772
Short term running finance	**(321,693,339)**	(332,216,672)
	(161,161,593)	(238,927,900)

44 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:

	2009 Rupees	2008 Rupees
First Pakistan Securities Limited		
Amount due against leases	**-**	432,769
Finance income charged during the period	**-**	53,598
Deposits against lease arrangements	**-**	149,700
MCD Pakistan Limited		
Finance income charged during the period	**-**	782
Switch Securities (Private) Limited		
Finance income charged during the period	**-**	1,534
Tricon Developers (Partnership Concern)		
Installments paid for purchase of office space	**124,556,726**	97,379,318
Amount due against leases	**3,762,104**	1,978,989
Finance income charged during the period	**499,396**	21,077
Deposit against lease arrangements	**501,350**	200,650
Union Communication (Pvt) Limited		
Communication services	**730,529**	838,441
Polygon Builders		
Amount due against term finances	**-**	25,550,000
Finance income charges during the period	**2,364,691**	90,650

	2009 Rupees	2008 Rupees
Polygon Developers		
Amount due against term finances	**195,000,000**	-
Finance income charged during the period	**27,593,035**	-
Ahmed Khalil		
Amount due against term finances	**5,000,000**	15,000,000
Finance income charges during the period	**1,565,814**	1,010,411
Allied Developers		
Amount due against term finances	**-**	29,500,000
Finance income charged during the period	**5,359,665**	1,353,205
Employees' retirement fund		
Payment made	**2,001,231**	6,275,538

45 Subsequent event

There were no significant adjustable events subsequent to 30 June 2009, which may require an adjustment to financial statements or additional disclosure and have not already been disclosed in these financial statements.

46 Authorization

These financial statements were authorized for issue on November 16, 2009 by the Board of Directors.

47 General

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

47.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. The current maturities of non-current assets amounting to Rs. 850,120,271 in the year 2008 were being wrongly classified as net investment in lease finance in the financial statements.

47.3 The financial statements of TCPL have been prepared for the period of 12 months and 10 days. Since TCPL was incorporated on 20 June 2008 no material transaction was made during the 10 days of pervious period. Accordingly, the transactions from 20 June 2008 to 30 June 2009 have been accounted for in current periods financial statements.

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 10th day of December, 2009 at 11:00 a.m. at Head Office: 23-D / 1-A, Gulberg III, Lahore.

Signed this _____________ day of ________________ 2009.

Please affix Five Rupees Revenue Stamp

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

Witness:

Signature: ___________________________

Name: ______________________________

Address: ____________________________

CNIC No.: ___________________________

Witness:

Signature: ___________________________

Name : ______________________________

Address: ____________________________

CNIC No.: ___________________________

Notes:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Bank, 23-D/1-A, Gulberg III, 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

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Trust Investment Bank Limited.
23-D/1-A, GULBERG - III, Lahore.
Tel: (042) 32404714-19
Fax: (042) 32404720
E. mail: info@trustbank.com.pk
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