

ANNUAL REPORT  
2013



Trust Investment  
Bank Limited



## Contents

02	Vision & Mission Statement
03	Company Information
04	Branch Network
05	Notice of the Annual General Meeting
06	Director's Report
10	Six Years Financial Summary
11	Pattern of Shareholding
12	Categories of Shareholders
13	Financial Statements
14	Statement of Compliance with Code of Corporate Governance
16	Review Report to the Members
17	Auditors' Report to the Members
19	Balance Sheet
20	Profit and Loss Account
21	Cash Flow Statement
23	Statement of Comprehensive Income
24	Statement of Changes in Equity
25	Notes to the Financial Statements
65	Consolidated Financial Statements
66	Auditors' Report to the Members
68	Consolidated Balance Sheet
69	Consolidated Profit and Loss Account
70	Consolidated Cash Flow Statement
72	Consolidated Statement of Comprehensive Income
73	Consolidated Statement of Changes in Equity
74	Notes to the Consolidated Financial Statements
	Form of Proxy

## 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  
Mr. Humayun Nabi Jan  
Syed Sajjad Hussain Rizvi  
Mr. Mamoon-ur-Rashid Qureishi  
Mr. Ahsan Rafique

Chairman  
Director  
Director  
Director  
Chief Executive Officer

### Audit Committee

Syed Sajjad Hussain Rizvi	Chairman
Mr. Asif Kamal	Member
Mr. Mamoon-ur-Rashid Qureishi	Member

### Financial Controller & Company Secretary

Makhdoom Faisal Javed

### Auditors

Zahid Jamil & Company  
Chartered Accountants

### Legal Advisor

Chaudhry Mahmood Ur Rehman

### Registrars

Vision Consulting Limited  
1st Floor, 3-C, LDA Flats,  
Lawrence Road,  
Lahore.  
Tel: 042-36375531 Fax: 042-36312550

### Registered & Head Office

6th Floor, M. M. Tower, 28-A/K,  
Gulberg-II, Lahore.  
Tel: 042-3581 7601-05 Fax: 042-3581 7600  
Email: [info@trustbank.com.pk](mailto:info@trustbank.com.pk)  
Website: [www.trustbank.com.pk](http://www.trustbank.com.pk)

## Branch Network

1. **Faisalabad Branch**  
1st Floor, 16-Chenab Market,  
Near UBL, Main Susan Road,  
Faisalabad.  
Tel: 041-8503306  
Fax: 041-8737431
2. **Multan Branch**  
Office No.6, 1st Floor, Muhammad Arcade,  
LMQ Road, Chungi -9,  
Multan.  
Tel: 061-6210063  
Fax: 061-6210063
3. **Islamabad Branch**  
Suit No.306, 3rd Floor, ISE Tower,  
Jinnah Avenue, Blue Area,  
Islamabad.  
Tel: 051-2894562  
Fax: 051-2894561
4. **Karachi Branch**  
KASB Fund Section, 5th Floor, Trade Center,  
Opp. Saima Trade Tower,  
I. I. Chundrigar Road,  
Karachi.  
Tel: 021- 111-222-000  
Fax: 021- 32624635
5. **Peshawar Branch**  
Office No.3, Azam Tower, Arbab Chowk,  
University Road,  
Peshawar.  
Tel: 091-5701484  
Fax: 091-5746302



## Notice of Annual General Meeting

Notice is hereby given that 22nd Annual General Meeting of Trust Investment Bank Limited will be held on Friday, November 29, 2013 at 11:00 a.m. at Hotel Sunfort, 72-D/1, Commercial Zone, Liberty Market, Gulberg-III, Lahore, to transact the following business:

### ORDINARY BUSINESS:

- i) To confirm the minutes of 13th Extra Ordinary General Meeting held on September 21, 2013.
- ii) To receive, consider and adopt the audited accounts of the Bank for the year ended June 30, 2013 together with Directors' and Auditors' Report thereon.
- iii) To appoint the Auditors of the Bank for the year ending June 30, 2014 and to fix their remuneration. The retiring auditors M/s Zahid Jamil & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
- iv) To transact any other business with the permission of the Chair.

On Behalf of the Board

Lahore.  
November 8, 2013

**Makhdoom Faisal Javed**  
(Company Secretary)

### Notes:

- 1) The share transfer books of the Bank will remain closed from November 22, 2013 to November 29, 2013 (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.

## Directors' Report

On behalf of the Board of Directors, I am pleased to present 22nd annual report of the Trust Investment Bank Limited for the year ended June 30, 2013.

### ECONOMIC REVIEW

#### GLOBAL SCENARIO

Four years after eruption of the global financial crisis, the world economy is still struggling to recover. During 2012, global economic growth has weakened further. A growing number of developed economies have fallen into a double-dip recession. Those in severe sovereign debt distress moved even deeper into recession, caught in the downward spiraling dynamics from high unemployment, weak aggregate demand compounded by fiscal austerity, high public debt burdens and financial sector fragility. Growth in the major developing countries and economies in transition has also decelerated notably, reflecting both external vulnerabilities and domestic challenges. Most low-income countries have held up relatively well so far, but now face intensified adverse spillover effects from the slowdown in both developed and major middle income countries. The prospects for the next two years continue to be challenging, loaded with major uncertainties and risks inclined towards the downside. The IMF has reflected in the forecast that entire world economy growth is forecasted to reach 3.3 per cent in 2013 and 4.0 percent in 2014. The growth projected for Euro areas is -0.3 percent for 2013 and for 2014, 1.1 percent. In contrast USA growth is forecasted to be 1.9 percent in 2013 and 3.0 percent in 2014, while for Japan 1.6 percent in 2013 and 1.4 for 2014. Growth in developing Asian economies is projected at 7.1 percent in 2013 and 7.3 percent for the year 2014.

The IMF expects growth in oil exporting countries in the Middle East is also not encouraging. Unfortunately, Europe is now caught in a vicious cycle of high debt and low growth. Problems in this area can impact Pakistan's trade; however, emerging expansion of output is expected to be broad based. In Asia, growth has already returned to a healthy pace. The other economies of the world are expected to benefit from upturn in advance economies. With regard to global inflation it is slowdown, and it will continue in stabilizing commodity prices. But near term risk in Euro Area could reemerge and other downside risk persists.

#### PAKISTAN SCENARIO

In macro scenario, Pakistan in fiscal year 2012-13 started with continuous problems of power and gas shortages along with other internal and external challenges. The energy crisis deepened presenting paradoxical situation. While generating capacity is reported 20,000 MW, actual generation remains far below the demand resulting in nationwide long hours load shedding. The circular debt kept on increasing despite injections of the government, which built pressure on fiscal side. Similarly, the working of Public Sector Enterprises also deteriorated resulted in further supplementing the burden on budget. The adverse impact of these economic difficulties was further compounded by the ongoing war against extremism which continued unabated and not only on one hand caused irreparable loss to the economy but wiped out mental peace and harmony among the masses of the country. Karachi is the main hub of the economic activities, faced the series of attacks as well as similar incidence occurred in Punjab, Khyber Pakhtoon Khawa and Balochistan. In retaliation to these attacks and terrorists activities long and big sit down stage protests took place which sent a bad signal to outside world about the insecurity prevailing in the country. Investment which is the mirror image of the economy nosedived to 14.2% if to compare with 2008 when it was hovering around 19.21 % (base on year 2005-06). The resilience of economy was tested several times by one crisis than other. The financial global meltdown in 2008 which shocked the developed and developing economies of the world and its effects are still being felt, Pakistan in no exception to feel the heat. The GDP growth which was at 5.0 % in 2007-08 dropped to 0.4% in 2008-09 (base 2005-06). The inflation reached to highest level of 25 percent in October 2008. There was unprecedented surge in oil and commodities prices. In addition the behavior of natural climate during 2010 and 2011 further added to the overall economic suffering. The economy on average grew since

In micro scenario, the NBFC sector remained ignored by the associated financial institution for last five years. The credit lending to NBFC sector was in "virtual halt mode" during the period under review and Trust Bank faced severe liquidity squeeze due to overall economic situation as well further deterioration of its credit rating. The NBFC sector remained under tremendous pressure, suffering from lack of resource through credit lines as well as generation of deposits and negative perception of the NBFC sector. Due to non availability of credit lines, freezing of treasury lines by commercial banks, Trust Bank has been focusing on reducing its balance sheet by making recovery from assets & settling liabilities and doing non fund base activities to remain afloat. Due to challenging economic environment, the profit margins of the business enterprises have been squeezed and thus severely compromised the ability of borrowers to meet the repayments.

### FINANCIAL RESULTS

The financial results for the year ended June 30, 2013 in comparison with June 30, 2012 are as follows:

	June 30, 2013	June 30, 2012
	(Rupees in millions)	
Revenue	63	241
Operating Expenses	111	138
Financial Expenses	50	547
Profit/ (loss) before provision & taxation	(86)	(471)
Provision (Reversal of Provision)	53	531
Profit/ (loss) after provision & taxation	(139)	(1,004)
Earnings/ (loss) per Share (Rs.)	(2.47)	(17.93)





## FINANCIAL HIGHLIGHTS

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

### REVENUE

During the period under review due to liquidity constraints, the Bank has not been able to generate new business in accordance with the projections, resultantly balance sheet and spreads have been squeezed. The revenue of the Bank is decreased substantially as compared to the corresponding period which represents the impact of decrease in lease portfolio. Another reason for lower income is the fact that almost the entire lease portfolio has completed its term and amount of recovery being made against stuck up portfolio to the larger extent more of principal repayment and very small interest income. The slackened business conditions hampered the recovery of the Bank which resulted in squeeze of liquidity; hence, the Bank was not able to do business.

### EXPENDITURE

The Finance Cost has been reduced substantially in the light of the Management decision that no interest payment on its liabilities till the operations of the Bank strengthened to sustain its operations cost and meets all the agreed amount of principal of liabilities. Non-performing loans continues to be the major challenge for the Banking industry and Trust Bank have no exception to this. During the period under review the Bank recorded provision against lease and term loan amounting to Rs. 100.33 million which adversely affected the operations of the Bank. Due to NPLs the Bank faced liquidity crises, hence, Bank could not generate new business and secondly Bank could not meet its liabilities, so, NPLs are also accounted for high finance cost. During the period the management tried to control the administrative and operating expenses of the Bank but due to inflation and service charges for recovery succeeded only to the extent of around Rs. 17.0 million.

### FUTURE OUTLOOK

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

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

### AUDITORS REPORT

The overall operating performance of the Bank has improved considerably over the last year. The loss figure has been dropped from Rs.1,004.19 million to only Rs. 139.48 million this year. It reflects that the overall operating performance has been better and the worst has been passed. The Sponsor of the Bank had provided 109.30 million shares of Tricon Developers Limited of the face value of Rs. 1.093 billion in the equity of the Bank. In addition, an investment in the form of assets of the value of around 623 million has been made by a group of investors, thus, an aggregate investment of around 1,716 billion has been brought during the year to strengthen the equity of the Bank. Currently, the Bank has positive equity by Rs. 610.686 million after taking into consideration of subordinated loan and preference shares. The Banks & financial institutions are already offered equity position in the Bank against their respective exposure and negotiation with various are underway. Securities & Exchange Commission of Pakistan (SECP) has not passed any order for suspension of License Investment Finance Services by the Bank. Our application for renewal of license is pending with SECP and confirmation thereof is awaited from them. The rating of PACRA is withdrawn since the Bank is for the time being has been restrained to generate deposits for which the rating is mandatory. The casual vacancies in the Board of Directors occurred during the period is pending to be filled by nominees of the investors who made investments in the form of assets in the equity of the Bank amounting to Rs. 623 million for which completion of transaction is awaited. The fact discussed above certainly, reflect the overall financial position and operating performance has been improved over the corresponding period last year.

The Bank is over 22 years of its operations has been substantially engaged in leasing business and over the years has accumulated the depreciation loss near 2.38 billion up to the assessment year 2012-13. The tax department has not required since the Tax year 2005-6, Audit of any returns filed by the Bank. The Bank has been filling yearly tax returns under Self Assessment Scheme of 2001 of FBR. Keeping in view the figure of depreciation loss claimed by the Bank so far, and hopeful that the future taxable profits will be available against which deductible difference, unused tax losses and tax credits can be utilized.

We have provided all the information and relevant record to the auditors for their verification, non confirmation from the lenders is not the responsibility of the bank.

The Board of Directors has suspended the accrual of markup on its liabilities consequent to the liquidity squeeze being faced by the Bank. The Bank is confident in due course, the remission thereof will be obtained from the lenders.

The transfer of title of the properties, being provided by Mr. Akram and other owners, in the name of the Bank is under process and it shall be transferred latest by December 31, 2013.

# Trust Investment Bank Limited

SECP, the regulator of NBFCs under NBFC (Establishment and Regulation) Rules 2003, itself desired the injection of the said shares in the equity of the Bank. The management of the Tricon Developers Limited ensure that matter regarding transfer of shares shall be resolved shortly.

A downward adjustment in the value of the Tricon shares is not justified on the basis of the unaudited accounts. The Bank is hope full to settle the considerable portion of its liabilities against the Tricon Shares at its face value of shares as & when permitted by SECP.

Required confirmations were mailed by the Auditors to respective clients. Individually each of the amounts is not big to be made a basis of an argument in support of doubt over Going Concern status of the Bank. In the opinion of the Bank, the receivable is good and expected to be received in due course.

Mr. Rashdeen Kasuri is a busy lawyer and he is dealing only 5 cases where cases against the Bank are initiated and underlying liabilities are already recorded.

The Bank is filling its Tax Returns under self Assessment Scheme of Federal Board of Revenue announced in the year 2001. The Bank has received the Audit Notices of the Returns of the year 2003-04 and 2004-05. The matter was successfully contested and currently no tax matter is pending at any forum of Taxation system

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors and the Company remain committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. The Board and management are fully cognizant with their responsibilities and monitoring Company's operation and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information. The Company is completely compliant with Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance:

- a) These financial statements, prepared by the management of the Bank, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Bank have been maintained as required by the Companies Ordinance, 1984.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented by the management and monitored by internal and external 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) The external auditor of the Bank highlighted that there is uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although, management believe that Bank has adequate resources to continue in operation for the foreseeable future.
- g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing Regulations.
- h) Key operating and financial data of last six years, in summarized form, is annexed.
- i) Information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- j) During the year under review, five (04) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Name of Director	Designation	Meeting Attended
Mr. Asif Kamal	Chairman	4
Mr. Shahid Iqbal	Ex-Chief Executive	2
Mr. Humayun Nabi Jan	Director	4
Mr. Ahsan Rafique	Chief Executive	2
Mr. Mumtaz Ahmed	Ex-Director	2
Syed Sajjad Hussain Rizvi	Director	2

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

- k) The Statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Company.
- l) All the major decisions relating to investment or disinvestment of funds, changes in significant policies and overall corporate strategies, appointment, remuneration and terms & conditions of appointment of Chief Executive Officer and Executive Directors are taken by the Board of Directors.
- m) The Audit Committee continued to function in compliance with the Code of Corporate Governance and it comprises the following members. All members are non-executive directors out of which one is independent director.

Sr. No.	Name	Designation
1.	Syed Sajjad Hussain Rizvi	Chairman
2.	Mr. Asif Kamal	Member
3.	Mr. Mamoon-ur-Rasheed Qureishi	Member



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

#### **PATTERN OF SHAREHOLDING**

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

#### **INTERNAL AUDIT**

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

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

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

#### **EXTERNAL AUDIT**

The statutory auditors of the Bank, Zahid Jamil & Company, Chartered Accountants, have completed their audit assignment of the "Bank's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2013 and shall retire at the conclusion of the 21st Annual General Meeting.

The Audit Committee of the Bank has recommended the appointment of Zahid Jamil & Company, Chartered Accountants, as the external auditors of the bank for the year ending June 30, 2014. 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 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.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

TIBL firmly believes in the socio-economic betterment of the society in which it serves. To fulfill its vision towards the empowerment of society, it carried out numerous social development activities and welfare projects keeping in view the greater interest of its employees, customers and beloved country on priority basis.

Significant activities:

- Men single and double Table Tennis Tournament has been held during year 2012.
- Internee students are appointed and trained during the year
- Recreation tour to Naran and Nathia Gali for employee has been conducted.
- Funds are donated to different charitable institutions.

Our key areas of focus in year 2013 would be education, healthcare, sports, youth development and the preservation of Pakistan's heritage monuments.

#### **ACKNOWLEDGEMENT**

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

**For and on behalf of the Board of Directors**

**Lahore  
November 07, 2013**

**Ahsan Rafique  
President & Chief Executive Officer**

**Six Years Financial Summary**

(Rupees In Million)

	2013	2012	2011	2010	2009	2008
<b>Operational Results</b>						
Total Lease Business Term Finances	0	27	1,002	2,104	1,910	2,749
Revenues	63	253	660	475	695	949
Financial Expenses	50	547	587	686	875	538
Total Expenses	209	724	754	869	1,069	750
Profit/(loss) before tax	(139)	(1,002)	183	(905)	(976)	66
Profit/(loss) before tax	(139)	(1,004)	166	(702)	(715)	149
<b>Balance Sheet</b>						
Total assets	4,454	3,869	5,381	5,906	6,523	8,089
Paid-up-capital	892	892	892	892	585	585
Reserves	(1,978)	(1,834)	(792)	(917)	(205)	510
Total Equity	611	(541)	501	376	391	1,095
Earning per share *	(2.47)	(17.93)	2.12	(12.16)	(12.22)	3
Book value per share	10.43	(14.47)	3.32	1.19	6.68	16.78
<b>Dividend</b>						
Cash Dividened	Nil	Nil	Nil	Nil	Nil	Nil
Stock Dividend	Nil	Nil	Nil	Nil	Nil	Nil

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



## Pattern of Shareholding

As at June 30, 2013

Number of Shareholders	Shareholding		Total Number of Shares Held	Percentage
	From	To		
413	1	100	16,978	0.03
665	101	500	173,937	0.30
345	501	1,000	261,317	0.45
615	1,001	5,000	1,451,665	2.48
68	5,001	10,000	502,419	0.86
27	10,001	15,000	334,348	0.57
15	15,001	20,000	260,653	0.45
9	20,001	25,000	210,847	0.36
11	25,001	30,000	311,606	0.53
10	30,001	40,000	344,623	0.59
5	40,001	50,000	233,085	0.40
2	50,001	60,000	104,552	0.18
3	60,001	70,000	203,276	0.35
3	70,001	100,000	244,821	0.42
3	100,001	120,000	328,676	0.56
1	120,001	125,000	124,000	0.21
1	145,001	150,000	150,000	0.26
1	150,001	155,000	154,000	0.26
1	190,001	200,000	200,000	0.34
1	200,001	210,000	203,067	0.35
1	275,001	280,000	276,000	0.47
1	345,001	350,000	349,000	0.60
1	700,001	710,000	707,000	1.21
1	1,000,001	1,010,000	1,002,200	1.71
1	1,080,001	1,090,000	1,087,847	1.86
1	1,360,001	1,365,000	1,364,500	2.33
1	1,640,001	1,670,000	1,650,000	2.82
1	1,850,001	1,860,000	1,858,966	3.17
1	2,500,001	2,510,000	2,500,001	4.27
1	2,560,001	2,570,000	2,567,242	4.38
1	2,770,001	2,780,000	2,779,750	4.75
1	3,540,001	3,545,000	3,544,210	6.05
1	3,600,001	3,680,000	3,671,985	6.27
1	4,360,001	4,365,000	4,361,601	7.45
1	5,701,001	5,705,000	5,702,405	9.74
1	7,100,001	7,150,000	7,106,551	12.14
1	12,205,001	12,210,000	12,209,742	20.85
<b>2,216</b>			<b>58,552,870</b>	<b>100.00</b>

**Categories of Shareholders**

As at June 30, 2013

Categories of shareholders	Shares held	Percentage
<b>Directors &amp; Chief Executive</b>		
Mr. Asif Kamal	7,106,551	12.14
Mr. Humayun Nabi Jan	718	0.00
Mr. Ahsan Rafique	500	0.00
Syed Sajjad Hussain Rizvi	500	0.00
Mamoon-ur-Rashid Qureishi	500	0.00
<b>Associated Companies/Persons &amp; related parties</b>		
Genesis Securities (Pvt.) Limited	12,209,742	20.85
Mr. Zahid Rafiq	5,702,405	9.74
<b>Banks &amp; Financial Institutions</b>		
The Bank of Punjab	3,671,985	6.27
MCB Bank Limited	24,575	0.04
N.B.P Trustee Department	100	0.00
Fidelity Investment Bank Limited	4,403	0.01
National Bank of Pakistan	2,185	0.00
National Development Leasing	2,132	0.00
Al-Taweek Investment Bank Limited	212	0.00
Escorts Investment Bank Limited	302	0.00
<b>Insurance Companies</b>		
Gulf Insurance Company Limited	1,632	0.00
State Life Insurance Corporation of Pakistan	2,567,242	4.38
Silver Star Insurance Company Limited	62	0.00
<b>Modarabas</b>		
First Fidelity Leasing Modaraba	450	0.00
First Professionals Modaraba	4,841	0.01
Guardian Leasing Modaraba	1,275	0.00
<b>General Public</b>	14,263,744	24.36
<b>IDBP (ICP Unit)</b>	1,813	0.00
<b>Others (Joint Stock &amp; Investment Companies)</b>	12982091	22.18
<b>Total</b>	<b>58,552,870</b>	<b>100.00</b>

**Share-Holders Holding Five Percent or More**

Name of Shareholders	Shares held	Percentage
Genesis Securities (Pvt.) Limited	12,209,742	20.85
Mr. Asif Kamal	7,106,551	12.14
Mr. Zahid Rafiq	5,702,405	9.74
Switch Securities (Pvt.) Limited	4,361,601	7.45
The Bank of Punjab	3,671,985	6.27
Mr. Jahanzaib Loni	3,544,210	6.05
<b>Total</b>	<b>36,596,494</b>	<b>62.50</b>



# Financial Statement

Trust Investment Bank Limited  
(For Year Ended June 30, 2013)

## Statement of Compliance With Best Practices of 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 listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board. However, at present the Board includes:-

Category	Names
Independent Directors	Syed Sajjad Hussain Rizvi Mr. Humayun Nabi Jan Mr. Mamoon-ur-Rashid Qureishi
Executive Directors Mr. Ahsan Rafique	Mr. Asif Kamal
Non-Executive Directors	Syed Sajjad Hussain Rizvi Mr. Humayun Nabi Jan Mr. Mamoon-ur-Rashid Qureishi

2. The directors have confirmed that none of them is serving as a director in more than seven 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 NBFIs or, being a member of a stock exchange and has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancies of the directors were arisen which are not yet filled. Due to current prevailing liquidity constraint in and around the bank, we are finding difficult to bring suitable people in according to FIT and proper criteria on the BOD. However efforts are under way to fill the casual vacancies as earliest as possible
5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it through the Company along with its supporting policies and procedures.
6. The Board has developed a Vision/Mission Statement, Overall Corporate Strategy and Significant Policies of the Company. A complete record of particulars of Significant Policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executives and non-executive directors have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman 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 their duties and responsibilities under the relevant laws and regulations. They have not attended any orientation course during the year.
10. During the year appointment of Chief Financial Officer was made consequent to the resignation of Controller Accounts & Finance. The remuneration, terms and conditions of employment of Chief Financial Officer have been determined by the CEO.



11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members. Consist of two non-executive directors including the Chairman of the Committee and one executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed HR and Remuneration Committee. It comprises three members, one executive and two non-executive directors.
18. 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.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code other than below have been complied with.
  - Board of Directors of TIBL is not complete as at June 30, 2013.
  - Compliance regarding directors training program not fulfilled by at least one director during the year 2013.
  - Level of materiality has not been defined by the BOD.
  - Asif Kamal being Chairman of TIBL should be Non-Executive Director

**On behalf of the Board**

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

The responsibility of compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of Compliance reflects the status of Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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

Based on our review, nothing has come to our attention, which causes us to believe that:

1. the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code of Corporate Governance for the year ended June 30, 2013, except for:
  - a) the Board of the company does not contain the minimum number of members as executive and non-executive directors, including independent directors and those representing minority interests;
  - b) none of the directors' has obtained a certification under any directors' training program offered by institutions-local or foreign-that meet the criteria specified by the SECP;
  - c) chairman of the company is not non executive director.
  - d) level of materiality has not been defined by the Board of Directors;

We have also expressed an adverse opinion in our audit report to the financial statements for the year ended June 30, 2013.

**LAHORE:**  
**Date: November 07, 2013**

**CHARTERED ACCOUNTANTS**  
**(Engagement Partner: Muhammad Amin)**

## Auditors' Report to the Members

We have audited the annexed balance sheet of **TRUST INVESTMENT BANK LIMITED** as at **JUNE 30, 2013** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that, except for the matters referred to in paragraphs (a) to (i) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) the Company has incurred a net loss of Rs. 139.482 million (2012: Rs 1,004.194 million) during the year ended June 30, 2013 and as at that date, accumulated losses are Rs. 2,278.657 million (2012: Rs.2,134.655 million), equity short fall of minimum equity requirement of NBFCs by Rs. 389.314 million (2012: 1,240.949 million) and its current liabilities exceed its current assets by Rs. 809.066 million (2012: Rs. 1,747.779 million). The company is facing operational & financial crisis and overdue installments of financing from banking companies & financial institutions and term finance certificates (TFC) are amounting to Rs. 898.098 million as on balance sheet date. The Securities & Exchange Commission of Pakistan (SECP) has not yet renewed company's license to operate Investment Finance Services (IFS) and also suspended the permission for raising deposits in any form and PACRA has withdrawn long term and short term rating of the company since November 19, 2012. Further, the members of Board of Directors are less than the minimum number required for a listed company since November 2012, and SECP approval for existing directors is also pending. These factors, alongwith mentioned in (b) to (i) below, indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements, however, do not disclose this fact and any adjustment to that effect;
- b) we could not satisfy ourselves regarding the carrying amount of deferred tax assets amounting to Rs. 515.932 million (2012: Rs. 515.932 million) in the absence of working and other related information. In our opinion, this amount should have been reversed in these financial statements in the presence of adverse financial ratios as mentioned above in paragraph (a). Had this reversal been made, non-current assets would have been decreased by Rs. 515.932 million and net loss for the year and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- c) balances of long term financing amounting to Rs. 314.329 million (refer note 22) and markup accrued amounting to Rs. 247.170 million (refer note 30) remained unconfirmed / unreconciled in the absence of direct balance confirmations and loan statements;
- d) the company has not provided for mark-up of Rs. 371.928 million on financing from banking companies & other financial institutions, term finance certificates, preference shares, certificates of Investment, long term morabaha and on running finance in these financial statements. Had the markup been provided, mark up payable, net loss for the year and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- e) we could not satisfy ourselves regarding subordinated loan received from Mr.Akram and other various landlords, in the form of land amounting to Rs. 623 million (refer note 21.2.3), in the absence of title documents and other relevant record. Moreover, Mr.Akram and other landlords are not the sponsors of the company. So, in our opinion, this transaction should not be classified as subordinated loan. Had this reclassification been made in appropriate head of account, the subordinated loan would have been decreased and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- f) we could not satisfy ourselves regarding short term investment in shares of Tricon Developers Limited (a subsidiary) amounting to Rs 1,093.005 million (refer note 14), related subordinated loan from sponsors amounting to Rs. 973.283 million (refer note 21) and disposal of land held for sale amounting to Rs. 476.369 million on following grounds;
  - i. the registrar of companies, Lahore circle, did not accept/approve the issue of shares of Tricon Developers Limited and the matter is still pending with him, consequently, the title of these shares has not been transferred in the name of the Trust Investment Bank Limited;
  - ii. non-compliance of NBFC (Establishment and regulation) Rules 2003(7) (2) (h) regarding investment in unquoted shares in any company other than wholly owned subsidiary in excess of 20% of its equity;
  - iii. the Investment in shares of Tricon Developers limited (refer note 14), related subordinate loan (refer note 21) and disposal of land held for sale are taken in accordance with face value of these shares @ of Rs.10/- per share. The breakup

# Trust Investment Bank Limited

value is significantly lower than the face value of these shares, as per available unaudited financial statements of Tricon Developers Limited for the year ended June 30, 2012. However, no adjustment to that effect has been made in these financial statements;

Financial impact of above points '(i)' to '(iii)' is impracticable in the absence of audited financial statements of Tricon Developers Limited for the year ended June 30, 2012 & 2013 and other relevant record;

- g) long term loans and advances (refer note 8), net investment in lease finance (refer note 9), short term loans and advances (refer note 12), short term placement (refer note 13) and other receivables (refer note 16) remained unconfirmed / unverified in the absence of any reply of balance confirmations sent;
- h) the company has not charged any provision against unsecured past due balance receivable from broker amounting to Rs. 21.143 million (refer note 16). In our opinion this balance should be fully provided. Had this provision been made, current assets would have been decreased and loss for the year and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- i) note 32 of the financial statements state certain contingencies, the ultimate outcome of these matters cannot presently be determined. Moreover, we have neither received direct reply of Mr. Rashdeen Nawaz Kasuri, a legal advisor and M/s Asim Iftikhar & Co, a tax consultant of the company, nor ascertain the legal / financial impact of the cases pending in their behalf, if any;
- j) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (i) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- k) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (i) above-
  - 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 expenditures incurred during the year were for the purpose of the Company's business; and
  - iii. the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the Company;
- l) in our opinion and to the best of our information and according to the explanations given to us, because of the matters as discussed in paragraphs '(a)' to '(i)' above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at JUNE 30, 2013 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- m) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and not deposited in the Central Zakat Fund established under section 7 of that.

Notwithstanding our adverse opinion, we draw attention to:

- I. Note # 18.3, Preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance, 1984 and the matter of its classification will be dealt in accordance with the clarification sought by the Institute of Chartered Accountants of Pakistan from the Securities and Exchange Commission of Pakistan.

**LAHORE:**  
**Date: November 07, 2013**

**CHARTERED ACCOUNTANTS**  
**(Engagement Partner: Muhammad Amin)**



# Balance Sheet

As At June 30, 2013

ASSETS	Note	2013 Rupees	2012 Rupees
<b>Non-current assets</b>			
Fixed assets	6	964,298,694	417,816,357
Long term investments	7	66,297,263	101,762,904
Long term loans and advances	8	8,395,333	22,112,927
Net investment in lease finance	9	-	128,930,920
Long term deposits		1,331,550	1,266,850
Deferred tax asset	10	515,931,678	515,931,678
<b>Total non-current assets</b>		<b>1,556,254,518</b>	<b>1,187,821,636</b>
<b>Current assets</b>			
Current maturities of non - current assets	11	1,277,848,272	1,558,759,405
Short term loans and advances	12	109,038,553	241,564,630
Short term placements	13	4,858,663	35,000,000
Short term investments	14	1,093,005,480	-
Short term prepayments		1,600,004	18,439,708
Markup accrued	15	203,091,749	227,288,949
Taxation - net		2,984,337	3,200,360
Other receivables	16	199,205,522	109,999,515
Cash and bank balances	17	5,642,474	10,352,204
		<b>2,897,275,054</b>	<b>2,204,604,771</b>
Assets classified as held for sale		-	476,368,866
<b>Total current assets</b>		<b>2,897,275,054</b>	<b>2,680,973,637</b>
<b>TOTAL ASSETS</b>		<b>4,453,529,572</b>	<b>3,868,795,273</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	892,028,729	892,028,729
Reserves	19	(1,977,625,630)	(1,833,624,460)
		<b>(1,085,596,901)</b>	<b>(941,595,731)</b>
<b>Surplus on revaluation of fixed assets-net</b>	20	<b>18,511,500</b>	<b>19,373,770</b>
<b>Non-current liabilities</b>			
Long term financing-subordinated loan	21	1,696,282,851	400,646,237
Long term financing-others	22	26,555,333	241,716,358
Long term morabaha	23	-	-
Long term certificates of investment	24	24,970,202	31,212,647
Deferred liabilities	25	5,041,342	2,935,254
Long term deposits	26	61,424,576	43,935,110
<b>Total non-current liabilities</b>		<b>1,814,274,304</b>	<b>720,445,606</b>
<b>Current liabilities</b>			
Short term borrowings	27	39,413,532	39,947,964
Short term certificates of investment	28	1,399,355,968	1,718,993,706
Current maturities of non current liabilities	29	1,841,213,448	1,793,107,420
Mark-up accrued	30	247,170,291	263,939,944
Trade and other payables	31	179,187,430	254,582,594
<b>Total current liabilities</b>		<b>3,706,340,669</b>	<b>4,070,571,628</b>
		<b>5,520,614,973</b>	<b>4,791,017,234</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	32	-	-
		<b>4,453,529,572</b>	<b>3,868,795,273</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

## Profit and Loss Account

### For the Year Ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
<b>Income</b>			
Income from lease operations	33	18,301,537	118,417,973
Income from investments	34	1,830,272	17,288,780
Income from term loans	35	43,100,636	102,019,951
		<u>63,232,445</u>	<u>237,726,704</u>
Finance cost	36	49,894,245	546,754,611
		<u>13,338,200</u>	<u>(309,027,907)</u>
Administrative and operating expenses	37	111,170,884	137,673,583
		<u>(97,832,684)</u>	<u>(446,701,490)</u>
<b>Other operating income</b>	38	60,379,632	11,594,027
		<u>(37,453,052)</u>	<u>(435,107,463)</u>
Other operating expenses	39	48,408,255	39,516,924
<b>Operating loss before provisions and taxation</b>		<u>(85,861,307)</u>	<u>(474,624,387)</u>
Provision against lease and term loan	40	100,325,533	527,540,876
Reversal of impairment in the value of investment	41	(47,103,309)	-
		<u>53,222,224</u>	<u>527,540,876</u>
<b>Loss before taxation</b>		<u>(139,083,531)</u>	<u>(1,002,165,263)</u>
Provision for taxation	42	398,049	2,028,795
<b>Loss after taxation</b>		<u>(139,481,580)</u>	<u>(1,004,194,058)</u>
<b>Loss per share - basic/ diluted</b>	43	<u>(2.47)</u>	<u>(17.93)</u>

The annexed notes from 1 to 53 form an integral part of these financial statements.



# Cash Flow Statement

For the Year Ended June 30, 2013

	2013 Rupees	2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(139,083,531)	(1,002,165,263)
<b>Adjustments for non cash / non operating items:</b>		
Depreciation and amortization	7,951,611	6,986,009
Amortization of initial transaction cost over term finance certificates	1,880,935	1,880,928
Provision for staff service cost	4,641,020	7,788,668
Provision for potential lease and term loan losses	100,325,533	527,540,876
Lease receivables written off	48,408,255	39,516,924
Finance cost	49,894,245	544,873,683
Loss/(Gain) on disposal of fixed assets	699,011	(173,711)
Profit on settlement	(45,834,298)	-
Reversal of impairment in the value of investment	(47,103,309)	-
Gain on disposal of available for sale investments	-	(1,671,304)
	<b>120,863,003</b>	<b>1,126,742,073</b>
<b>Operating (loss) / profit before working capital changes</b>	<b>(18,220,528)</b>	<b>124,576,810</b>
<b>Changes in operating assets and liabilities:</b>		
<b>(Increase) / decrease in assets:</b>		
Long term loans and advances	13,437,060	134,708,249
Net investment in lease finance	211,211,148	454,971,551
Short term loans and advances	132,526,077	518,442,306
Short term placements	30,141,337	(28,022,877)
Short term investments	-	3,872,706
Short term prepayments	16,839,704	(13,498,932)
Markup accrued	24,197,200	6,333,047
Other receivables	(120,732,754)	(65,713,954)
	<b>307,619,772</b>	<b>1,011,092,096</b>
<b>Increase / (decrease) in liabilities:</b>		
Certificates of investment	(323,755,251)	(396,259,732)
Trade and other payables	(34,939,952)	35,495,422
	<b>(51,075,431)</b>	<b>650,327,786</b>
<b>Cash (used in) / generated from operations</b>	<b>(69,295,959)</b>	<b>774,904,596</b>
Finance cost paid	(64,782,963)	(384,029,862)
Taxes paid	(182,026)	(2,836,323)
Staff service cost paid	(4,415,872)	(14,067,723)
	<b>(69,380,861)</b>	<b>(400,933,908)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(138,676,820)</b>	<b>373,970,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(15,900,615)	(245,573,741)
Long term investments	66,701,950	6,156,250
Long term deposits	(64,700)	14,000
Proceeds from disposal of:		
Fixed assets	83,767,661	53,152,147
<b>Net cash generated from / (used in) investing activities</b>	<b>134,504,296</b>	<b>(186,251,344)</b>



# Trust Investment Bank Limited

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	-	(56,549,502)
Long term morabaha	-	(4,000,000)
Redemption of term finance certificates	-	(144,266,020)
Dividend	<b>(2,774)</b>	(1,449)
<b>Net cash used in financing activities</b>	<b>(2,774)</b>	(204,816,971)
<b>Net decrease in cash and cash equivalents</b>	<b>(4,175,298)</b>	(17,097,627)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(29,595,760)</b>	(12,498,133)
<b>Cash and cash equivalents at the end of the year</b>	<b>46</b>	<b>(29,595,760)</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**





## Statement of Comprehensive Income

For the Year Ended June 30, 2013

	2013 Rupees	2012 Rupees
Loss after taxation for the year	(139,481,580)	(1,004,194,058)
Other comprehensive income/loss		
Transferred from surplus on revaluation of fixed assets to accumulated loss-net of tax	862,270	8,302,361
<b>Total comprehensive loss for the year</b>	<b>(138,619,310)</b>	<b>(995,891,697)</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

## Statement of Changes in Equity For the Year Ended June 30, 2013

	Ordinary Shares	Preference shares	CAPITAL RESERVES		REVENUE RESERVES			Total
			Statutory reserve	General reserve	Accumulated losses	Sub Total		
<b>Balances as at 01 July 2011</b>	585,528,729	306,500,000	240,030,907	61,000,000	(1,092,906,821)	(791,875,914)	100,152,815	
Total comprehensive loss for the year	-	-	-	-	(995,891,697)	(995,891,697)	(995,891,697)	
Dividend on preference shares @ 1 year Kibor+100 BPS for the year ended 30 June 2012	-	-	-	-	(45,856,849)	(45,856,849)	(45,856,849)	
<b>Balances as at 30 June 2012</b>	<b>585,528,729</b>	<b>306,500,000</b>	<b>240,030,907</b>	<b>61,000,000</b>	<b>(2,134,655,367)</b>	<b>(1,833,624,460)</b>	<b>(941,595,731)</b>	
Total comprehensive loss for the year	-	-	-	-	(138,619,310)	(138,619,310)	(138,619,310)	
Dividend on preference shares @ 1 year Kibor+100 BPS for the year ended 30 June 2013	-	-	-	-	(5,381,860)	(5,381,860)	(5,381,860)	
<b>Balances as at 30 June 2013</b>	<b>585,528,729</b>	<b>306,500,000</b>	<b>240,030,907</b>	<b>61,000,000</b>	<b>(2,278,656,537)</b>	<b>(1,977,625,630)</b>	<b>(1,085,596,901)</b>	

-----Rupees-----

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

# Notes to the Financial Statements

## For the Year Ended June 30, 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

#### 1.1. Parent Company

**1.1.1.** Trust Investment Bank Limited ("the Company") was incorporated in 1992 as a public limited Company under the Companies Ordinance, 1984 and is listed on Lahore, Karachi and Islamabad Stock Exchanges. The registered office of the Company is situated at 6th Floor, M M Tower, 28 - A / K, Gulberg II, Lahore. The Company is mainly engaged in the business of investment finance services. It is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP).

The Pakistan Credit Rating Agency Limited (PACRA) has downgraded the long-term entity rating of the company to 'B' [Previous: BBB-], and short-term entity rating to 'B' [Previous: A3]. Meanwhile, the rating of secured and listed TFC issue (TFC III - PKR 600 mln) has been downgraded to 'B' [Previous: BBB-]. The ratings indicate that significant credit risk is present. The outlook on the ratings remains negative.

**1.1.2** The financial statements for the year ended June 30, 2013 reflect loss after taxation of Rs. 139.482 million and as of the said date, the accumulated losses of the company amounts to Rs. 2,278.657 million resulting in shortfall of the minimum regulatory requirement of the equity. Further, the company's license to operate investment finance services is pending for renewal by the SECP as of the balance sheet date. These conditions indicate the existence of a material uncertainty regarding the future operations of the company.

However, in order to improve the equity of the company, subsequent to the year as stated in note # 21, the Shareholder of the Bank has approved the acquisition of such number of ordinary shares of Tricon Developers Limited from Mr. Asif Kamal and property from new sponsors, which are required to comply with Minimum Equity Requirement (MER) as per NBFC Rules & Regulations. The shares and property acquired through aforesaid transactions shall be treated as a subordinated loan which shall be available for issuance of shares of Trust Bank. Sanction of approval from SECP is in progress. These transaction shall strengthen the equity of the bank and as a result the bank shall become equity compliant and it may increase dividend earnings and capital appreciation since it is expected that shares in the investee company will generate reasonable profits in future. Also during the year the company has successfully negotiated settlement with major deposit holders against the properties owned by it and negotiations with other depositors and financial institutions are in process. We are also in process of converting our preference shares in to ordinary shares. This will result in future interest cost and preference dividend savings to the company. Also with the support of recovery agents, the company is pursuing its customers / borrowers very aggressively. These measures are expected to contribute towards improvement in the financial condition of the company.

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

#### 1.2 Subsidiary Company

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

### 2. STATEMENT OF COMPLIANCE

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

# Trust Investment Bank Limited

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

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

- IAS 1 Presentation of Financial Statements - Amendment resulting from improvement to IFRSs  
 IAS 12 Income taxes - Recovery of underlying assets

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

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

The following revised standards and interpretations with respect to approved accounting standards as applicable

Standard or Interpretation	Effective date (accounting period Beginning on or after)
IFRS 7 Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	January 1, 2013
IFRS 9 Financial Instruments - Classification and Measurement	July 1, 2015
IFRS 10 Consolidated Financial Statements	January 1, 2013
IFRS 11 Joint Arrangements	January 1, 2013
IFRS 12 Disclosure of Interest in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013
IAS 19 Employee Benefits - Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27 Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	January 1, 2013
IAS 28 Investments in Associates - Reissued as IAS 28 Investment in Associates and Joint Ventures (as amended in 2011)	January 1, 2013
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	January 1, 2014
IAS 34 Interim Financial Reporting: .Amendment requires disclosures relating to assets and liabilities of a reportable segment.	January 1, 2013
IAS 36 Impairment of assets:Amendment requires changes in disclosures relating to recoverable amounts, cash generating units and reversal in impairment loss.	January 1, 2014
IAS 39 Financial instruments :Amendment provides guidance relating to discontinuation of hedge accounting.	January 1, 2014
IFRIC 20 Stripping cost in the production phase of a surface mining	January 1, 2013
IFRIC 21 Levies: Provides guidance to recognise liability to pay levies.	January 1, 2014

### 3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2013.

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

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

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

If the Group loses control over a subsidiary, it:

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

### 4. BASIS OF MEASUREMENT

#### 4.1. Accounting convention

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

#### 4.2. Significant estimates

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

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

	<b>Note</b>
- Taxation	5.1
- Residual value and useful life of depreciable assets	5.2
- Provisions	5.6
- Staff retirement benefits (Gratuity)	5.15
- Impairment	5.21

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1. Taxation

#### **Current:**

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

#### **Deferred:**

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

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

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

### 5.2. Property and equipment

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

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

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

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

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

### 5.3. Intangible assets

These are stated at cost less impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

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

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

### 5.4. Non current assets - held for sale

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

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

### 5.5. Financial instruments

#### **Financial assets:**

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

**Financial liabilities:**

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

**Recognition and derecognition:**

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

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

**Offsetting of financial assets and financial liabilities:**

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

**5.6. Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision has been made after taking the benefits of collaterals as per NBFC Regulations, 2008.

**5.7. Investments**

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

**Initial measurement:**

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

**Subsequent measurement:****Investment in subsidiary:**

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

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

**Held to maturity:**

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

**Held for trading:**

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



## **Available-for-sale:**

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

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

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

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

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

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

## **5.8. Trade and settlement date accounting**

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

## **5.9. Securities under repurchase/reverse repurchase agreements**

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

### **Repurchase agreements:**

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

### **Reverse repurchase agreements:**

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

## **5.10. Term finances**

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



#### **5.11. Net investment in lease finance**

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

#### **5.12. Assets acquired in satisfaction of claims**

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

#### **5.13. Revenue recognition**

##### **Finance leases:**

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

##### **Capital gains and losses on sale of investments:**

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

##### **Processing fee, front end fee and penal charges:**

These are recognized as income when services are provided.

##### **Return on finances, placements and term finances:**

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

##### **Morabaha income:**

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

##### **Income on bank deposits, held to maturity investments and reverse repo transactions:**

Income from bank deposits, investments and reverse repo transactions is recognized on time proportion basis.

##### **Guarantee commission:**

Commission income from guarantee is recognized on time proportion basis.

##### **Dividend Income:**

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

#### **5.14. Return on certificates of investment**

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

#### **5.15. Staff retirement benefits**

##### **Gratuity:**

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

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

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

##### **Leave encashment:**

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

## 5.16. Provision for potential lease losses and loans

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

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

## 5.17. Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

## 5.18. Borrowing costs

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

## 5.19. Transactions with related parties and transfer pricing

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

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

## 5.20. Foreign currency translation

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

## 5.21. Impairment

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

## 5.22. Dividends

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

## 5.23. Bonus shares

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

6. FIXED ASSETS	Note	2013 Rupees	2012 Rupees
<b>Tangible</b>			
Property, plant and equipment	6.1	85,763,067	100,863,266
Capital work in progress	6.2	878,121,000	316,432,600
<b>Intangible assets</b>	6.4	414,627	520,491
		<b>964,298,694</b>	<b>417,816,357</b>

**6.1. Property, plant and equipment**

PARTICULARS	2013									
	C O S T				ACCUMULATED D E P R E C I A T I O N					Rate %
	As at 01 July 2012	Additions during the year	Deletions during the year	As at 30 June 2013	As at 01 July 2012	For the year	Adjustment	As at 30 June 2013	Book value as at 30 June 2013	
Rupees										
<b>Owned</b>										
Building on freehold land	76,454,492	3,015,000	(6,454,492)	73,015,000	1,702,706	3,621,675	(1,786,690)	3,537,691	69,477,309	5
Leasehold improvements	27,839,895	-	(8,171,738)	19,668,157	18,659,717	1,784,271	(5,634,127)	14,809,861	4,858,296	20
Office equipment and machines	18,213,047	1,034,150	(1,175,816)	18,071,381	12,808,679	1,177,969	(740,307)	13,246,341	4,825,040	20
Furniture and fixtures	13,195,996	-	(866,294)	12,329,702	6,709,367	645,005	(467,814)	6,886,558	5,443,144	10
Air-conditioning equipment	3,195,078	-	(1,231,050)	1,964,028	1,405,428	133,043	(473,521)	1,064,950	899,078	10
Vehicles	5,153,002	-	(4,273,146)	879,856	1,902,347	483,784	(1,766,475)	619,656	260,200	20
	<b>144,051,510</b>	<b>4,049,150</b>	<b>(22,172,536)</b>	<b>125,928,124</b>	<b>43,188,244</b>	<b>7,845,747</b>	<b>(10,868,934)</b>	<b>40,165,057</b>	<b>85,763,067</b>	

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

6.1.1. It consists of office amounting to Rs. 70 million and Houses amounting to Rs. 3.015 million. Segregation into value of land and building is impracticable, hence depreciation has been charged on full amount.

	NOTE	2013 Rupees	2012 Rupees
Opening Balance		316,432,600	145,249,000
Additions		634,851,465	171,183,600
		951,284,065	316,432,600
Disposal			
Cost		(73,163,065)	-
Closing balance	6.3	878,121,000	316,432,600

**6.3. Particulars of Capital work in progress**

Tricon Corporate Centre	6.3.1	108,249,000	108,249,000
China Centre	6.3.2	146,872,000	146,872,000
Tricon Centre Offices	6.3.3	-	48,511,600
Tricon Village Houses	6.3.4	-	12,800,000
Land at Jail Road Lahore	6.3.5	267,000,000	-
Land at Adyala road Rawalpindi	6.3.5	356,000,000	-
		<b>878,121,000</b>	<b>316,432,600</b>

6.3.1. Capital work in progress has been revalued by M/S Synergisers (Pvt) Limited (an independent professional valuer) in 2010, second revaluation was carried out by M/S Ali and Ali Engineers and Valuers (an independent professional valuer) in the 2011 which resulted into reversal of revaluation surplus by Rs. 12.801 million. Had there been no revaluation the carrying amount of capital work in progress would have been Rs. 89,737 million (2012: Rs. 297.921 million). Construction of Tricon Corporate Centre is still under process, as at balance sheet date.

6.3.2. This amount represents Shops at China centre, Feroz Pur Road Lahore. ( Shop # 3, 15, 16 Ground Floor amounting to Rs. 37 million, Shop # 1,2,3,4,5 Lower Ground Floor, amounting to Rs. 84.672 million, Shop # 6, Lower Ground Floor amounting to Rs. 25.20 million. Title has been transferred in the name of TIBL only through transfer letter, and the construction of China Centre is still under process, as at balance sheet date

6.3.3. This amount represents One office space at Tricon Corporate Centre at 8th Floor, subsequently adjusted against certificate of Investments of Azra and Company.

6.3.4. This amount represents houses at Tricon Village . subsequently adjusted against certificate of Investments of Mr. Khalid Siddiqui

6.3.5. These lands are against subordinate loan of Mr. Muhammad Akram and other landlords (refer note 21.2.3), further, title of these properties has not yet been transferred in the name of the company as on balance sheet date. Subsequent to balance sheet date, land amounting to Rs. 95.22million has been transferred in the name of the company.

**6.4. Intangible Assets**

PARTICULARS	2013							
	C O S T			A M O R T I Z A T I O N				Book value as at 30 June 2013
	As at 01 July 2012	Additions / (Deletions) during the year	As at 30 June 2013	As at 01 July 2012	For the year	Deletions	As at 30 June 2013	
Rupees								
Software Licenses	1,294,383	-	1,294,383	773,892	105,864	-	879,756	414,627
	<b>1,294,383</b>	<b>-</b>	<b>1,294,383</b>	<b>773,892</b>	<b>105,864</b>	<b>-</b>	<b>879,756</b>	<b>414,627</b>

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

# Trust Investment Bank Limited

## 6.5. Following assets were disposed off during the year

-----2013-----						
Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
-----Rupees-----						
<b>Assets with book value exceeding Rs. 50,000</b>						
<b><u>Building on freehold land</u></b>						
Building-Khaleej Towers-Jail Road Branch	3,846,278	2,750,214	2,370,000	(380,214)	Negotiation	United Insurance Company of Pakistan Limited
Building-Multan Road Branch	2,608,221	1,917,594	1,500,000	(417,594)	Settlement against COI	Muzaffar Ahmad
<b><u>Leasehold improvements</u></b>						
Lease Hold Premises	1,401,970	350,163	25,800	(324,363)	Negotiation	Sialvi Furniture
Lease Hold Premises	857,393	310,704	41,000	(269,704)	Negotiation	Mr. M Azam
Lease Hold Premises	1,746,374	460,210	54,000	(406,210)	Negotiation	Unex Securities
Lease Hold Premises	3,664,484	1,250,419	57,400	(1,193,019)	Negotiation	Multi Buyers
Lease Hold Premises	482,200	161,298	5,600	(155,698)	Negotiation	M Mubashir
<b><u>Office Equipment and machines</u></b>						
Lap-Top	65,803	55,933	55,933	-	Company Policy	Mr. Javed Iqbal - Employee
Lap-Top	78,000	67,600	67,600	-	Company Policy	Mr. Shahid Iqbal - Employee
Lap-Top	65,803	55,933	55,933	-	Company Policy	Mr. Awais Yasin - Employee
<b><u>Air-conditioning equipment</u></b>						
Generator ( Head Office)	1,035,000	651,486	650,000	(1,486)	Negotiation	M.M. Tower
<b><u>Vehicles</u></b>						
Mercedes UH-426 Shahid Iqbal CEO	3,200,000	2,506,671	2,425,000	(81,671)	Negotiation	Mr. Muhammad Sidique
GLI-APB 292-Zafar Ul Hasan-Pool car-Karachi	1,073,146	-	1,025,000	1,025,000	Negotiation	Mr. Muhammad Sagheer
<b>Assets with book value below Rs. 50,000</b>						
	2,047,871	765,392	378,666	(386,726)	Negotiation	Various
<b><u>Capital work in progress</u></b>						
Tricon Village House # 73 & 74	12,800,000	12,800,000	13,000,000	200,000	Settlement against COI	Khalid Siddiqui
Tricon Corporate Centre Office # 804	48,511,600	48,511,600	50,000,000	1,488,400	Settlement against COI	Azra & Co.
Tricon Village House # 72	6,451,465	6,451,465	6,451,465	-	Settlement against COI	Khalid Siddiqui
Tricon Village House # 108	5,400,000	5,400,000	5,604,274	204,274	Settlement against Guarantee Margin	Upright Engineering Works
<b>2013</b>	<b>95,335,608</b>	<b>84,466,682</b>	<b>83,767,671</b>	<b>(699,011)</b>		

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



	Note	2013 Rupees	2012 Rupees
<b>7. LONG TERM INVESTMENTS</b>			
Investment in subsidiary-at cost	7.2	60,000,000	60,000,000
Investment in Term Finance Certificates and Sukuks	7.3	74,672,300	141,374,250
		<u>134,672,300</u>	<u>201,374,250</u>
Less: Impairment in the value of investments	7.4	37,039,287	84,142,596
		<u>97,633,013</u>	<u>117,231,654</u>
Less: Current portion of long term investments	11	31,335,750	15,468,750
		<u>66,297,263</u>	<u>101,762,904</u>

#### 7.1. Particulars of long term investments

Long term investments-considered good		97,633,013	117,231,654
Long term investments-considered doubtful		37,039,287	86,392,596
		<u>134,672,300</u>	<u>203,624,250</u>
Less: Impairment in the value of investments	7.4	37,039,287	86,392,596
		<u>97,633,013</u>	<u>117,231,654</u>

#### 7.2. Investment in subsidiary-at cost

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

6,000,000 shares of Rs.10 each		60,000,000	60,000,000
(Breakup value Rs. 4.41 per share as at June 30, 2013)		<u>60,000,000</u>	<u>60,000,000</u>

#### 7.2.1. Summarised financial information of subsidiary

Aggregate amount of

Assets	216,983,755	75,899,614
Liabilities	190,501,042	48,172,006
Revenue	5,255,303	426,553
Loss for the year	(1,244,895)	(16,179,824)

#### 7.3. Investment in Term Finance Certificates and Sukuks

##### Held to maturity

##### Term finance certificates

Dewan Cement Limited	7.3.1	-	50,000,000
Azgard Nine Limited	7.3.2	53,109,800	39,968,000

##### Sukuks

New Allied Electronic Industries (Pvt) Limited-Sukuks	7.3.3	-	20,000,000
Eden Housing Limited-Sukuks	7.3.4	21,562,500	31,406,250
		<u>74,672,300</u>	<u>141,374,250</u>

**7.3.1.** This represents the investment made by the Company in term finance certificates issued for a period of 6 years, duly secured against ranking charge over fixed asset of the investee with a margin of 25% which was subsequently converted into first pari-passu charge over all fixed asset, carries mark-up at the rate of 6 month KIBOR +200 bps and redeemable in 9 equal semi-annual installments of Rs.5, 555,556/-, started from 17 January 2010. The credit rating assigned to such issue, by the Pakistan Credit Rating Agency (PACRA), is "D" and the total amount of issue is Rs. 5 billion. The investment have been disposed off during the year at par value against settlement of preference Shares of M/s AMZ Plus Income Fund, subsequently acquired by KASB Liquid Fund.

## Trust Investment Bank Limited

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

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

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

**7.3.3.** This represent the investment amounting to Rs 40 million made in Sukuks issued for a period of 4 years secured against first pari passu charge over present and future fixed assets of the investee with 25% margin. These carry mark-up @ 3 Months KIBOR +260 BPS and redeemable in 16 equal quarterly installments of Rs. 1,250,000/- starting from 25 October 2008. JCR-VIS assigned rating of "D" to said Sukuks which was subsequently withdrawn. The investment have been disposed off during the year at par value against settlement of preference Shares of M/s AMZ Plus Income Fund, subsequently acquired by KASB Liquid Fund.

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

	2013	2012
Note	Rupees	Rupees
<b>7.4. Impairment in the value of investments</b>		
Opening balance as at July 01,	<b>84,142,596</b>	84,142,596
(Reversal) / charge during the year	<b>(47,103,309)</b>	-
Closing balance as at June 30,	<b>7.4.1 37,039,287</b>	84,142,596
<b>7.4.1. Particulars of impairment</b>		
Trust Capital (Pvt.) Limited	<b>33,517,287</b>	14,142,596
Dewan Cement Limited-TFCs	-	50,000,000
Azgard Nine Private Limited - TFC	<b>3,522,000</b>	-
New Allied Electronic Industries (Pvt) Limited-Sukuks	-	20,000,000
	<b>37,039,287</b>	84,142,596



	Note	2013 Rupees	2012 Rupees
<b>8. LONG TERM LOANS AND ADVANCES</b>			
<b>Secured:</b>			
Employees - considered good	8.1	2,371,991	3,678,952
Companies, organizations and individuals			
Considered good	8.2	39,792,931	51,923,030
Considered doubtful		7,047,805	7,047,805
		46,840,736	58,970,835
		49,212,727	62,649,787
<b>Un-secured:</b>			
Companies, organizations and individuals - Considered doubtful	8.3	397,838,899	397,838,899
		447,051,626	460,488,686
Less: provision against doubtful loans	8.4	401,076,412	398,842,509
		45,975,214	61,646,177
Less : current maturity	11	37,579,881	39,533,250
		8,395,333	22,112,927

- 8.1.** These represent long term loans provided to employees against mortgage of property and carry mark-up ranging from 4% to 12.50% (2012: 4% to 12.50%) per annum. The maximum aggregate balance due from the Chief Executive Officer is Rs. Nil (2012: Nil) and the maximum aggregate balance due from executives is Nil (2012: 2.196 million ).
- 8.2** These include long term finances provided to companies, organizations and individuals against mortgage of property, charge over assets and lien on deposits etc. These carry mark-up ranging from 16.00% to 20.62% (2012 : 16.00% to 20.62%) per annum.
- 8.3** It includes receivables of Trust Capital (Pvt) Limited (TCPL) amounting to Rs. 367 million, transferred in the books of Accounts of Trust Investment Bank Limited (TIBL) vide a tri-party agreement between TCPL, TIBL and other parties, approved by the Board of Directors of TIBL & TCPL, whereby various exposures of TCPL have been taken over by TIBL company and hereafter, the parties shall make payments directly to TIBL. The repayment shall be made in three quarterly installments of Rs. 0.5 million, four quarterly installments of Rs. 0.75 million, 31 quarterly installments of Rs. 11.332 million and last installment of Rs. 38.829 million receivable latest by June 30, 2020. It carries markup @ 10% per annum increasing by 2% each year upto 5 years and @ 18% from 5th year onwards. Receipts of Rs. 1.500 Million have been received to date and remaining balance has been fully provided.

	Note	2013 Rupees	2012 Rupees
<b>8.4. Provision against doubtful loans</b>			
Opening balance as at July 01, 2012		398,842,509	5,158,165
Charge for the year		2,233,903	393,709,628
Reversal during the year		-	(25,284)
Closing balance as at June 30, 2013	8.4.1	401,076,412	398,842,509
<b>8.4.1. Particulars of provision against doubtful loans</b>			
Companies, organizations and individuals		401,076,412	398,842,509
		401,076,412	398,842,509

**8.5.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

# Trust Investment Bank Limited

	Notes	2013 Rupees	2012 Rupees
<b>9. NET INVESTMENT IN LEASE FINANCE</b>			
Lease payments receivable	9.1	1,325,705,951	1,620,342,394
Add: Residual value		408,586,891	513,812,155
<b>Gross investment in leases</b>		<b>1,734,292,842</b>	<b>2,134,154,549</b>
Less: Unearned finance income		5,311,508	30,076,591
Income suspended	9.3	183,984,668	181,890,491
Provision for lease losses	9.4	336,064,025	289,499,142
		525,360,201	501,466,224
Net investment in lease finance		1,208,932,641	1,632,688,325
Less: Current portion of net investment in lease finance	11	1,208,932,641	1,503,757,405
		-	128,930,920

30 June 2013				
	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	1,214,244,149	520,048,693	-	1,734,292,842
Less: Unearned finance income	5,311,508	-	-	5,311,508
	1,208,932,641	520,048,693	-	1,728,981,334

30 June 2012				
	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	1,527,939,505	606,215,044	-	2,134,154,549
Less: Unearned finance income	24,182,100	5,894,491	-	30,076,591
	1,503,757,405	600,320,553	-	2,104,077,958

**9.1.** The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2012: 8% to 25%) per annum. Security deposit is obtained generally upto 10% to 20% of the cost of leased assets at the time of disbursement. The Company requires the lessees to insure the leased assets in the favour of the Company and to maintain the financial ratios required by NBFC's Prudential regulations. Additional lease rentals are charged on the delayed payments.

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

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





	Note	2013 Rupees	2012 Rupees
<b>9.3. Income suspended</b>			
Balance at the beginning of the year		181,890,491	176,495,915
Suspended during the year		13,705,043	13,315,591
Reversal of suspension		(11,610,866)	(7,921,015)
Balance at the end of the year		<u>183,984,668</u>	<u>181,890,491</u>
<b>9.4. Provision for lease losses</b>			
Balance at beginning of the year		289,499,142	272,245,963
Provision during the year		50,685,285	28,529,168
Provision reversed during the year		(4,120,402)	(11,275,989)
Balance at the end of the year		<u>336,064,025</u>	<u>289,499,142</u>
<b>10. DEFERRED TAX ASSET</b>			
<b>Taxable temporary differences</b>			
Accelerated depreciation for tax purposes		(9,105,030)	(9,105,030)
Leasing Finance		(345,554,360)	(345,554,360)
<b>Deductible temporary differences</b>			
Provision against investments		787,500	787,500
Taxable losses		869,803,568	869,803,568
		<u>515,931,678</u>	<u>515,931,678</u>
<b>10.1. Movement in deferred tax asset</b>			
Opening balance as at July 01,		515,931,678	515,931,678
Provision made during the year		-	-
Closing balance as at June 30,		<u>515,931,678</u>	<u>515,931,678</u>
Deferred tax asset on tax losses representing unabsorbed tax depreciation and business losses (2006: 251,075,059; 2007: 451,049,732; 2008: 586,248,201; 2009: 624,383,172; 2010: 467,403,992; 2011: 1,035,264,319) available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company has recognized all deferred tax asset at the end of financial year in respect of tax losses, as it is projected that sufficient tax profits would be available to set these off in the foreseeable future liabilities.			
<b>11. CURRENT MATURITIES OF NON-CURRENT ASSETS</b>			
Long term investments	7	31,335,750	15,468,750
Long term loans and advances	8	37,579,881	39,533,250
Net investment in lease finance	9	1,208,932,641	1,503,757,405
		<u>1,277,848,272</u>	<u>1,558,759,405</u>
<b>12. SHORT TERM LOANS AND ADVANCES</b>			
Short term loans-Secured	12.1	94,687,143	231,955,017
Short term advances	12.2,12.3	14,351,410	9,609,613
		<u>109,038,553</u>	<u>241,564,630</u>
<b>12.1. Short term loans-Secured</b>			
Companies, organizations and individuals			
Considered good	12.1.1	94,687,143	231,955,017
Considered doubtful		650,000	650,000
		95,337,143	232,605,017
Less: Provision against doubtful loans	12.1.2	650,000	650,000
		<u>94,687,143</u>	<u>231,955,017</u>

# Trust Investment Bank Limited

**12.1.1** These include short term finances provided to companies, organizations and individuals against their certificates of investment and mortgage of property. These carry mark-up ranging from 14.75% to 23.19% (2012 : 14.00% to 23.19%) per annum.

	Note	2013 Rupees	2012 Rupees
<b>12.1.2 Provision against doubtful loans</b>			
Opening balance as at July 01,		650,000	650,000
Charge/(reversal) during the year		-	-
Closing balance as at June 30,		<u>650,000</u>	<u>650,000</u>
<b>12.2. Short term advances</b>			
<b>Considered good</b>			
Advances to employees		<u>14,351,410</u>	<u>9,609,613</u>

**12.3.** Prior year figure has been reclassified for better presentation (Ref: Note # 52.3)

## 13. SHORT TERM PLACEMENTS

Repurchase agreement lendings (Reverse Repo)		7,022,877	7,022,877
TDR		3,000,000	-
Placement with First Fidelity Leasing Modarba		1,858,663	35,000,000
		<u>11,881,540</u>	<u>42,022,877</u>
Less: Provision against doubtful lending		<u>7,022,877</u>	<u>7,022,877</u>
		<u>4,858,663</u>	<u>35,000,000</u>

### 13.1. Particulars of short term placements

<b>Considered good</b>			
Placement with First Fidelity Leasing Modarba	13.2	1,858,663	35,000,000
TDR	13.3	3,000,000	-
<b>Considered doubtful</b>			
Hascomb Business Solutions	13.4	<u>7,022,877</u>	<u>7,022,877</u>
		<u>11,881,540</u>	<u>42,022,877</u>

**13.2** This placement is made during the last year against the loan of ENPLAN with 0% mark up which will due to be settled before or on March 31, 2013, subsequently it was settled against the Certificate of Investments of Mr. Abdul Rasheed and the remaining balance shall be paid off in two installments of Rs. 1.5 Million each, one installment of Rs. 1.0 Million and the balance shall be paid before September 30, 2013.

**13.3** The amount has been placed with BURJ bank Limited for one month @ 9.5 % p.a.

**13.4** These were secured against fair value of quoted securities and mortgage of property. These carry mark-up at the rate of 22% (2012: 22%). Quoted securities placed as collateral were disposed off during the 2011. Remaining balance has been fully provided.

## 14. SHORT TERM INVESTMENTS

Subsidiary company

Un-quoted

TRICON Developers Limited

109,300,548 (2012: Nil) fully paid ordinary shares

of Rs. 10 each. Equity held 48.51% (2012: Nil)

**14.1** 1,093,005,480 -

(Breakup value Rs. 6.34/- per share based on available unaudited accounts for the year ended June 30, 2012)

**14.1** These represent investment in shares of M/s Tricon Developers Limited, acquired against Sub-Ordinated Loan of Mr. Asif kamal to strengthen the equity of the company (refer note 21.2.1). Also includes the Land (previously kept as assets classified as held for sale) converted into shares amounting to Rs. 476.368 million. The title of these shares still has not been transferred in the name of Trust Investment Bank Limited.

**14.2.** Summarised financial information of subsidiary based on unaudited available accounts for the year ended June 30, 2012 is as follows;

	30-Jun-12	30-Jun-11
Aggregate amount of		
Assets	1,842,577,066	4,602,240,289
Liabilities	414,442,625	1,960,460,698
Revenue	143,281,865	823,167,401
(Loss) / profit for the year	(1,213,645,151)	128,595,415



	Note	2013 Rupees	2012 Rupees
<b>15. MARKUP ACCRUED</b>			
Mark-up accrued on:			
Term finance certificates and Sukuks	15.1	1,202,748	16,633,203
Short term and long term loans	15.2,15.5	18,626,486	18,668,281
Investments in lease	15.3	183,206,014	191,987,465
Short term placements	15.4	56,501	-
		<u>203,091,749</u>	<u>227,288,949</u>
<b>15.1. Mark-up accrued on bonds and term finance certificates</b>			
Considered good		1,202,748	16,633,203
Considered doubtful		53,140,168	44,568,467
		54,342,916	61,201,670
Less: Suspension against doubtful receivables	15.1.1	53,140,168	44,568,467
		<u>1,202,748</u>	<u>16,633,203</u>
<b>15.1.1. Suspension against doubtful receivables</b>			
Opening balance as at July 01,		44,568,467	34,042,803
Suspended during the year		8,571,701	10,525,664
Reversed during the year		-	-
Closing balance as at June 30,		<u>53,140,168</u>	<u>44,568,467</u>
<b>15.2. Mark-up accrued on short term and long term loans</b>			
Considered good		18,626,486	18,668,281
Considered doubtful		102,335,043	48,276,687
		120,961,529	66,944,968
Less: Suspension against doubtful loans	15.2.1	102,335,043	48,276,687
		<u>18,626,486</u>	<u>18,668,281</u>
<b>15.2.1. Suspension against doubtful loans</b>			
Opening balance as at July 01,		48,276,687	10,783,602
Suspended during the year		54,058,356	54,066,996
Reversed during the year			(16,573,911)
Closing balance as at June 30,		<u>102,335,043</u>	<u>48,276,687</u>
<b>15.3. Mark-up accrued on investment in lease-considered good</b>			
This includes additional mark up on lease rentals amounting to Rs. 182.963 million (2012: Rs. 190.180 million) in respect of overdue rentals receivable from performing lease portfolio in accordance with the terms of lease agreement.			
<b>15.4. Mark-up accrued on short term placements</b>			
Considered doubtful		5,207,705	3,606,172
		5,207,705	3,606,172
Less: Suspension against doubtful placements	15.4.1	5,151,204	3,606,172
		<u>56,501</u>	<u>-</u>
<b>15.4.1. Suspension against doubtful placements</b>			
Opening balance as at July 01,		3,606,172	-
Suspended during the year		1,545,032	3,606,172
Closing balance as at June 30,		<u>5,151,204</u>	<u>3,606,172</u>
<b>15.5. Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)</b>			

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>16. OTHER RECEIVABLES</b>			
Receivable from broker - considered good		21,143,275	21,143,275
Miscellaneous receivables from lessees:	16.1		
Considered good		22,803,954	22,803,954
Considered doubtful		345,202,043	317,742,732
		368,005,997	340,546,686
Other receivables			
Considered good	16.2,16.5	178,633,549	66,065,382
Considered doubtful	16.3	4,625,524	3,920,248
		183,259,073	69,985,630
		572,408,345	431,675,591
Less: Provision for doubtful receivables	16.4,16.5	373,202,823	321,676,076
		199,205,522	109,999,515

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

**16.2.** This includes receivable from TCPL amounting to Rs. 176,256,664 (2012: Rs. 31,479,062/-).

**16.3.** This includes receivable from Trust Management (Pvt) Limited amounting to Rs. 3,920,248/- (2012: Rs. 3,920,248/-)

## 16.4. Movement of provisions for doubtful receivable

Opening balance as at July 01,		321,676,076	208,061,710
Charge for the year		51,957,921	119,125,899
		373,633,997	327,187,609
Reversed during the year		(431,174)	(5,511,533)
Closing balance as at June 30,		373,202,823	321,676,076

**16.5.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

## 17. CASH AND BANK BALANCES

Cash in hand		92,067	457,065
With banks in:			
Current accounts		244,194	392,724
Deposit accounts	17.1	5,306,213	9,502,415
		5,550,407	9,895,139
		5,642,474	10,352,204

**17.1.** Deposit accounts carry markup rate ranging from 6.5% to 9.50% per annum (2012: 6.5% to 10.75%).

## 18. SHARE CAPITAL

2013	2012		2013	2012
No. of shares	No. of shares	Authorized	Rupees	Rupees
80,000,000	80,000,000	Ordinary shares of Rs. 10 each	800,000,000	800,000,000
70,000,000	70,000,000	Preference shares of Rs. 10 each	700,000,000	700,000,000
150,000,000	150,000,000		1,500,000,000	1,500,000,000
<b>Issued, subscribed and paid up</b>				
20,142,984	20,142,984	Ordinary shares of Rs. 10 each fully paid-up in cash	201,429,840	201,429,840
38,409,889	38,409,889	Ordinary shares of Rs. 10 each issued as bonus shares	384,098,889	384,098,889
30,650,000	30,650,000	Preference shares of Rs. 10 each issued	306,500,000	306,500,000
89,202,873	89,202,873		892,028,729	892,028,729

**18.1.** Mr. Zahid Rafiq and Genesis (Pvt) Limited, related parties of the Bank held 5,702,405 (9.74%) [ 2012: 5,702,405 (9.74%)] and 122,097,420 (20.85%) [ 2012: 122,097,420 (20.85%)] Ordinary shares of Rs. 10 each respectively, as at June 30,2013.

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

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

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

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

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

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

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

B= Higher of following:

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

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

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

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

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

**18.4. Particulars of Preference Shares**

	<u>2013</u> Rupees	<u>2012</u> Rupees
Saudi Pak Industrial & Agricultural Investment Company	<b>20,000,000</b>	20,000,000
Pak Brunei Investment Company Limited	<b>6,500,000</b>	6,500,000
AMZ Income Fund (KASB Liquid Fund)	-	130,000,000
Trust Capital (Pvt) Limited (TCPL)	<b>130,000,000</b>	-
Bank Alfalah Limited	<b>25,000,000</b>	25,000,000
The Bank of Khyber	<b>75,000,000</b>	75,000,000
Allied Bank Limited	<b>50,000,000</b>	50,000,000
	<b><u>306,500,000</u></b>	<b><u>306,500,000</u></b>

# Trust Investment Bank Limited

**18.4.1.** Preference shares of AMZ have been transferred to TCPL by agreement of settlement between AMZ and TCPL. Total liability amounting to Rs. 176.933 Million, including principal and profit, has been adjusted against Pre-IPO TFC's of Rs. 50 million, SUKUK of Rs. 20 million, unlisted shares of Rs. 20 million and lease facilities of Rs. 41.099 million. The ownership rights of Preference shares have not yet been transferred to TCPL.

	Note	2013 Rupees	2012 Rupees
<b>19. RESERVES</b>			
<b>Capital reserves</b>			
Statutory reserve	19.1	240,030,907	240,030,907
		<u>240,030,907</u>	<u>240,030,907</u>
<b>Revenue reserves</b>			
General reserve		61,000,000	61,000,000
Accumulated loss		(2,278,656,537)	(2,134,655,367)
		<u>(2,217,656,537)</u>	<u>(2,073,655,367)</u>
		<u>(1,977,625,630)</u>	<u>(1,833,624,460)</u>
<b>19.1. Statutory Reserve</b>			
Opening balance as at July 01,		240,030,907	240,030,907
Transfer from profit or loss account		-	-
Closing balance as at June 30,		<u>240,030,907</u>	<u>240,030,907</u>
<p>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. No transfer has been made as the company incurred operating loss during the year.</p>			
<b>20. SURPLUS ON REVALUATION OF FIXED ASSETS-NET</b>			
Building	20.1.1	-	862,270
Capital work in progress	20.1.2	18,511,500	18,511,500
	20.1	<u>18,511,500</u>	<u>19,373,770</u>
<b>20.1. Particulars of surplus on revaluation of fixed assets</b>			
Opening balance as at July 01,		19,373,770	27,676,131
Addition during the year		-	-
Deletion during the year		(829,359)	(8,103,800)
Transferred		(32,911)	(198,561)
Closing balance as at June 30,		<u>18,511,500</u>	<u>19,373,770</u>
<b>20.1.1.</b> This represents the surplus arised on revaluation of building carried by Synergisers (Private) Limited and IMTECH (Private) Limited dated June 30, 2008 and June 26, 2008. The revalued amount is based on the market values prevailing at the time of revaluation. Whole of the surplus has been realized during the year.			
<b>20.1.2.</b> This represents the surplus arised on revaluation of capital work in progress carried by Synergisers (Private) Limited dated December 31, 2009 and a subsequent revaluation by M/s Ali & Ali dated October 28, 2010. The revalued amount is based on the market values prevailing at the time of revaluation.			
<b>21. LONG TERM FINANCING - SUBORDINATED LOAN</b>			
Long term financing-subordinated loan	21.1	<u>1,696,282,851</u>	<u>400,646,237</u>
<b>21.1. Long term financing-Subordinated loan</b>			
Opening balance as at July 01,		400,646,237	400,646,237
Addition during the year		1,295,636,614	-
Closing balance as at June 30,	21.2	<u>1,696,282,851</u>	<u>400,646,237</u>
<b>21.2. Particulars of subordinated loan</b>			
Loan from:			
Directors-Asif Kamal	21.2.1	973,282,851	-
Subsidiary company -Tricon Developers	21.2.2	100,000,000	400,646,237
Muhammad Akram & others	21.2.3	623,000,000	-
		<u>1,696,282,851</u>	<u>400,646,237</u>



- 21.2.1** This represents subordinated loan received from Mr. Asif Kamal, against 67.263 Million shares of Tricon Developers Limited at face value of Rs.10/- per share through agreement dated 8 November 2012 and 30.064 Million shares of Tricon Developers Limited at face value of Rs.10/- per share through Addendum (dated 29 June 2011) to agreement (dated 17 May 2010). The acquisition of shares of Tricon Developers has been duly approved through special resolution in shareholder's extra ordinary general meeting held on September 05, 2012. As per the terms & conditions of the subordinated loan agreements, the Bank shall issue shares amounting to Rs.973,282,851/- to Mr. Asif Kamal after obtaining approval from SECP, upto June 30, 2013. The date has been extended till June 30, 2014 by addendum (dated 30 June 2013) to agreement (dated 17 May 2010).
- 21.2.2** Trust Bank has returned / transferred the land amounting to Rs. 300,646,237/- to M/s Tricon Developers Limited or their nominees simultaneously with the transfer of shares of M/s Tricon Developers at par value of Rs. 10 per share from Mr. Asif Kamal through Addendum (dated 29 June 2011) to agreement (dated 17 May 2010). Trust Bank obligation for the issuance of ordinary shares to Tricon Developers Limited shall be reduced to cash component of subordinated loan only i.e. Rs. 100 Million.
- 21.2.3** Property amounting to Rs. 356 million from Mr. Muhammad Akram and Rs. 267 million from other landlords has been injected as subordinated loan. The company will pay 20% of the agreed price in cash and balance 80% in the form of issuance / transfer of shares at par, in favour of legal owners, subject to approval of SECP. The company has the right to directly transfer these properties in settlement of any of its liabilities without transferring of the title in its own name. In case if the shares are not transferred to the seller within period of six months, the seller shall have right to cancel this agreement. (Refer note 6.3.5).

	Note	2013 Rupees	2012 Rupees
<b>22. LONG TERM FINANCING - OTHERS</b>			
Banking companies and other financial institutions-Secured	22.1	26,555,333	168,627,292
Banking companies and other financial institutions-Unsecured	22.2	-	-
Term finance certificates (TFC)-Secured	22.3	-	73,089,066
		<b>26,555,333</b>	<b>241,716,358</b>
<b>22.1. Banking companies and other financial institutions-Secured</b>			
The Bank of Punjab	22.1.1	296,077,333	296,077,333
Allied Bank Limited	22.1.2	70,000,005	70,000,005
Pak Oman Investment Company (Pvt.) Limited	22.1.3	5,161,297	5,161,297
The Bank of Khyber	22.1.4	27,777,780	27,777,780
Standard Chartered Bank Limited	22.1.5	49,329,674	49,329,674
Summit Bank Limited (Formerly Atlas Bank Limited)	22.1.6	81,640,625	81,640,625
First Women Bank Limited	22.1.7	64,027,397	64,027,397
CDC Trustee Askari Income Fund	22.1.8	126,250,000	126,250,000
PAK Brunei Investment Company	22.1.9	2,536,941	2,536,941
IGI Investment Bank Limited	22.1.10	67,500,000	67,500,000
The Punjab Provincial Co-operative Bank Limited	22.1.11	88,058,721	88,058,721
		<b>878,359,773</b>	<b>878,359,773</b>
Less: Current portion shown under current liabilities	29	<b>851,804,440</b>	<b>709,732,481</b>
		<b>26,555,333</b>	<b>168,627,292</b>

- 22.1.1.** This represents two facilities of an aggregate amount of Rs. 301.77 million. These facilities are secured against exclusive charge on specific leased assets. Facility of Rs. 279.752 million carries mark-up rate of 9.33% per annum. This facility is repayable in 2 quarterly installments of Rs. 2.5 million, one installment of Rs. 12 Million, Two installments of Rs. 27 million, two Installments of Rs. 40 Million, One Installment of Rs. 33.33 Million, One Installment of Rs. 30.419 Million, One Installment of Rs. 16 Million, Two Installments of Rs. 21 Million and One Installment of Rs. 6.99 Million on Quarterly basis Starting from October 31, 2011 to September 30, 2014. The other facility of Rs. 21.325 Million is a non service able facility and repayable in six quarterly installments starting from June 30, 2013 to September 30, 2014.
- 22.1.2.** This represent an unsecured facility of an amount of Rs. 200 million, out of which Rs. 50 Million is converted into preference shares from May 10, 2010. This facility (200 M) carries mark up rate of 1 Month KIBOR + 200 bps upto July 2009 and 1 Month KIBOR from July 01, 2009 onward and is repayable in 36 equal monthly installments of Rs. 3,333,333/- starting from June 4, 2010 and expiring on May 29, 2013.
- 22.1.3.** This represents facility of Rs.23 million. This facility is secured against first charge on specific loan receivables with a margin of 25%. It carried mark-up rate of 3 month KIBOR + 250 bps per annum and was repayable in twelve equal monthly installments starting from 10 August 2009 and expiring on 10 July 2010. Facility has been restructured on 4 December 2009. Mark-up rate has been changed to 6 month KIBOR + 150 bps per annum and principal is repayable in immediate payment of Rs. 3,000,000 on 4 December 2009 and 31 equal monthly installments starting from 23 December 2009 and expired on 23 June 2012.

# Trust Investment Bank Limited

- 22.1.4.** This represents a facility of Rs. 150 million secured against first charge on specified leased assets and related receivables amounting Rs.75 Million has been converted into preference shares and the while the balance amount of Rs. 75 Million has been converted into term Finance facility which carries mark up @ 1 month KIBOR. This facility is repayable in thirty six equal monthly installments starting from 01 January 2010 and expiring on 01 December 2012.
- 22.1.5.** This represents a facility of Rs. 500 million for the purpose of expansion of lease portfolio. The facility is secured against lease receivables to the extent of Rs. 715 million. It carries mark-up at the rate of 3 month KIBOR + 160 bps. The facility is repayable in twelve equal quarterly installments starting from 31 May 2008 and expired on 28 February 2011.
- 22.1.6.** This represents two facilities of Rs.100 million each. These facilities are secured against first charge on specific/exclusive leased assets and related receivables with 25% margin. These carry mark-up @ 3 month KIBOR + 185 bps per annum with floor of 13.50%. These facilities were repayable in sixteen equal quarterly installments starting from 28 June 2008 and expiring on 28 May 2012. However, these facilities have been rescheduled on 7 January 2010. Outstanding principal of Rs. 68.75 million of Term Finance 1 is repayable in 16 equal quarterly installments starting from 1 February 2010 and expiring on 1 November 2013. While outstanding principal of Rs. 68.75 million of Term Finance 2 is repayable in 16 equal quarterly installments starting from 1 March 2010 and expiring on 1 December 2013.
- 22.1.7.** This represents facility of Rs.88 million which has been rescheduled during the year. This facility is secured against exclusive charge on lease receivables amounting Rs. 10 million and pledge of TFC/Sukuks amounting to Rs. 50 million. It carries mark-up @ 1 month KIBOR per annum. This facility is repayable in twelve monthly installments of Rs.1 million, 12 monthly installments of Rs. 1.5 million, 11 monthly installments of Rs. 2 million and last bullet payment of Rs. 36 million starting from 31 January 2010 and expired on 31 December 2012.
- 22.1.8.** This represents facility of Rs.194 million rescheduled during the year. This facility is secured against exclusive charge and carries @ 1 month KIBOR per annum. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments starting from 31 January 2010 and expired on 1 February 2012.
- 22.1.9.** This represents facility of Rs.10.1 million rescheduled during the year. This facility is secured against first charge on all moveable assets to the extent of sale price. The facility carries mark-up @ 1 month KIBOR per annum. This facility is repayable in 23 equal monthly installments of Rs.420,000 and last installment of Rs.436,941 starting from 8 May 2010 and expired on 8 Apr 2012.
- 22.1.10.** This represents facility of Rs.80 million rescheduled during last year. This facility is secured against ranking charge on current assets equivalent to Rs.115 million with 30% margin. The facility carries mark-up rate of 1 month KIBOR per annum. This facility is repayable in six equal monthly installments of Rs.0.5 million, 12 equal monthly installments of Rs.0.75 million, 6 equal monthly installments of Rs.1 million, 12 equal monthly installments of 1.5 million, 10 equal monthly installments of Rs.1.75 million and 13 equal monthly installments of Rs. 2 million, starting from 15 March 2010 and expiring on 15 Feb 2015.
- 22.1.11.** This represents facility of Rs.284.298 million converted from short term loans to long term loans. This facility is secured against exclusive first charge against Leased assets and related receivables. The facility carries mark-up rate of 1 month KIBOR + 200 bps per annum. This facility is repayable in twenty eight equal monthly installments of Rs.10 million and the balance amount of Rs. 4,298,472 will be paid the last installment, starting from 16 September 2010 and expiring on 15 Feb 2013.Loan amounting to Rs.140M has been swapped with term loan due from Vital enterprises.

	Note	2013 Rupees	2012 Rupees
<b>22.2 Banking companies and other financial institutions-Unsecured</b>			
CDC Trustee KASB Liquid Fund	22.2.1	3,500,000	3,500,000
Dawood Money Market Fund	22.2.2	7,842,873	7,842,873
House Building Finance Corporation	22.2.3	5,909,086	5,909,086
		<b>17,251,959</b>	<b>17,251,959</b>
Less: Current portion shown under current liabilities	29	<b>17,251,959</b>	<b>17,251,959</b>
		<b>-</b>	<b>-</b>



- 22.2.1.** This represents facility of Rs.41 million rescheduled during the year. This facility is unsecured and carries mark-up @1 month KIBOR per annum. This facility is repayable in immediate payment of Rs. 5 million, two monthly installments of Rs.5 million, three monthly installments of Rs. 2.5 million, eighteen monthly installments of Rs. 1 million and last installment of Rs. 0.5 million starting from 19 January 2010 and expired on 19 December 2011.
- 22.2.2.** This represents facility of Rs.37.8 million rescheduled during the year. This facility is unsecured and carries mark-up @1 month KIBOR per annum. This facility is repayable in twenty five monthly installments of Rs.1.5 million and last installment of Rs. 1.8 million starting from 25 January 2010 and expired on 7 January 2012.
- 22.2.3.** This represents facility of Rs.43.5 million rescheduled during the year. This facility is unsecured and carries mark-up @ 3 month KIBOR + 200 bps per annum at the start of each month. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments of Rs.1.477 each starting from 15 March 2010 and expired on 15 January 2012.

		<b>2013</b>	<b>2012</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>22.3. Term finance certificates (TFC)-Secured</b>			
TFC III	<b>22.3.1</b>	<b>230,583,980</b>	230,583,980
Less: Unamortized portion of the initial transaction cost		-	1,880,935
		<b>230,583,980</b>	228,703,045
Less: Current portion shown under current liabilities	<b>29</b>	<b>230,583,980</b>	155,613,979
		-	73,089,066

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

The instrument is structured to redeem 0.02% of the principal in two semi-annual installments and the remaining principal in eight semi-annual installments of 12.495% each of the issue amount respectively starting from the 18th month. Each TFC will be redeemed on its due date through the dispatch of a crossed cheque to the registered holders of the TFC.

The profit is payable semi annually at 6 months KIBOR + 185 bps per annum with no floor and no cap. The profit rate is set one day before the start of semi- annual period for which the profit is being paid.

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

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

### 23. LONG TERM MORABAHA

Long term morabaha	<b>23.1</b>	<b>15,500,000</b>	15,500,000
Less: Current portion shown under current liabilities	<b>29</b>	<b>15,500,000</b>	15,500,000
		-	-

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

### 24. LONG TERM CERTIFICATES OF INVESTMENT

- Corporate			
Secured	<b>24.2</b>	<b>32,345,202</b>	39,977,207
Unsecured		<b>212,913,669</b>	241,299,177
- Individuals		<b>8,700,000</b>	12,800,000
	<b>24.1</b>	<b>253,958,871</b>	294,076,384
Less: Current portion shown under current liabilities	<b>29</b>	<b>228,988,669</b>	262,863,737
		<b>24,970,202</b>	31,212,647

# Trust Investment Bank Limited

**24.1.** These represent deposits received by the Company as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates are issued for term ranging from over 1 year to 5 years and carries profit ranging from 11.5% to 22.22% (2012: 11.5% to 22.22%) per annum.

**24.2.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

	Note	2013 Rupees	2012 Rupees
<b>25. DEFERED LIABILITIES</b>			
Gratuity	25.1	3,601,840	1,456,752
Leave encashment	25.2	1,439,502	1,478,502
		<u>5,041,342</u>	<u>2,935,254</u>

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

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

	Note	Gratuity		Leave Encashment	
		2013	2012	2013	2012
-----Rupees-----					
<b>25.1. Amount recognized in the balance sheet</b>					
Present value of defined benefit obligati	25.1.1	3,105,936	7,127,738	1,439,502	1,478,502
Less: Fair value of plan assets	25.1.2	-	(2,812,589)	-	-
Less: Actuarial (losses) to be recognized in later periods		-	(4,466,397)	-	-
Add: Benefits due but not paid		495,904	1,608,000	-	-
		<u>3,601,840</u>	<u>1,456,752</u>	<u>1,439,502</u>	<u>1,478,502</u>

## 25.1.1. Movement in the defined benefit obligation:

Present value of defined benefit obligation at beginning of the year	7,127,738	10,307,555	1,478,502	2,850,075
Current service cost for the year	2,725,250	3,786,801	1,159,193	96,983
Interest cost for the year	926,606	1,443,058	-	399,011
Benefits paid / discharged during the year	(7,260,010)	(8,047,000)	(1,198,193)	(1,984,240)
Benefits due, but not paid during the year	(495,904)	(1,608,000)	-	-
Actuarial (gain) / loss on present value of defined benefit obligation	82,256	1,245,324	-	116,673
	<u>3,105,936</u>	<u>7,127,738</u>	<u>1,439,502</u>	<u>1,478,502</u>

## 25.1.2. Movement in the fair value of plan assets:

Fair value of plan assets as at 01 July	2,812,589	2,629,338
Total contributions made in the year	6,055,421	9,923,500
Expected return on plan assets for the year	365,637	368,107
Benefits paid / discharged during the year	(8,868,010)	(9,923,500)
Actuarial loss on assets	(365,637)	(184,856)
	<u>-</u>	<u>2,812,589</u>

	Gratuity		Leave Encashment	
	2013	2012	2013	2012
-----Rupees-----				
<b>25.2. Movement of liability:</b>				
Balance sheet liability as at 01 July	<b>1,456,752</b>	6,364,234	<b>1,478,502</b>	2,850,075
Amount recognized during the year	<b>25.3 8,200,509</b>	5,016,018	<b>1,159,193</b>	612,667
Contribution made during the year	<b>(6,055,421)</b>	(9,923,500)	<b>(1,198,193)</b>	(1,984,240)
	<b>3,601,840</b>	1,456,752	<b>1,439,502</b>	1,478,502

**25.3. Staff service cost expense recognized in the profit & loss account**

Current service cost	<b>2,725,250</b>	3,786,801	<b>1,159,193</b>	96,983
Interest cost	<b>926,606</b>	1,443,058	-	399,011
Expected return on plan assets	<b>(365,637)</b>	(368,107)	-	-
Actuarial (gains) / losses	<b>4,914,290</b>	154,266	-	116,673
	<b>8,200,509</b>	5,016,018	<b>1,159,193</b>	612,667

**25.4. Actual return on the plan assets**

Expected return on the plan assets	<b>365,637</b>	368,107	-	-
Actuarial (loss) on plan assets	<b>(365,637)</b>	(184,856)	-	-
Actual return on the plan assets	<b>-</b>	183,251	-	-

**25.5.** Qualified actuary carried out the valuation as on 30 June 2013 using the Projected Unit Credit Method. Following significant assumptions have been used:

	Gratuity		Leave encashment	
	2013	2012	2013	2012
-----Per annum-----				
Discount rate	<b>10.5%</b>	13%	<b>13%</b>	13%
Expected rate of increase in salary	<b>9.5%</b>	12%	<b>12%</b>	12%
Expected rate of return on plan assets	<b>13%</b>	14%	-	-
Average number of leaves utilized per annum	-	-	<b>8 Days</b>	8 Days
Expected average remaining years until vesting as on 30 June	<b>15 years</b>	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:

	2013	2012	2011	2010	2009
-----Rupees-----					
As at 30 June					
Present value of defined benefit-obligation	<b>3,105,936</b>	7,127,738	10,307,555	11,203,547	7,865,683
Fair value of plan assets	<b>-</b>	2,812,589	2,629,338	2,446,588	2,264,209
Surplus/(deficit)	<b>3,105,936</b>	(4,315,149)	(7,678,217)	(8,756,959)	(5,601,474)

Fair value of plan assets include certificates of investments, whose fair value is Rs. Nil (2012: Rs. 2.812 million).

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>26. LONG TERM DEPOSITS</b>			
Margin against letters of guarantee		150,997,616	164,252,852
Less: Current portion shown under current liabilities	29	139,396,555	149,667,115
		11,601,061	14,585,737
Deposits against lease arrangements	26.1	407,511,360	511,827,522
Less: Current portion shown under current liabilities	29	357,687,845	482,478,149
		49,823,515	29,349,373
		61,424,576	43,935,110
<b>26.1.</b> These represent interest free security deposits (lease key money) received on lease contracts and are adjustable at the expiry of their respective lease periods.			
<b>27. SHORT TERM BORROWINGS</b>			
Banking companies and other financial institutions:			
Running finances - secured	27.1	39,413,532	39,947,964
<b>27.1.</b> Total limit against running finances amounting to Rs. 40 million (2012: Rs. 120.6 million). This carry mark-up @ 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% per annum (2012: 3 months KIBOR + 300 bps with a floor ranging from 4.5% to 10%) 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.			
<b>28. SHORT TERM CERTIFICATES OF INVESTMENT</b>			
- Financial institutions		12,850,006	16,950,000
- Corporate		1,358,107,680	1,527,413,136
- Individuals		28,398,282	174,630,570
		1,399,355,968	1,718,993,706
<b>28.1.</b> These represent unsecured short term certificates of investment for a period of one months to one year. These carry mark-up rate ranging from 10% to 18.75% (2011: 10% to 18.75%) per annum.			
<b>28.2.</b> TCPL requested for adjustment of COI, amounting to Rs. 10 Million, against short term loan facility of Mr. Mahmood Ahmad, so the transaction was approved by TIBL management. The said adjustment was omitted during the audit of TCPL, however this adjustment would be reflected in half yearly accounts of TCPL to reconcile with TIBL.			
<b>29. CURRENT MATURITIES OF NON CURRENT LIABILITIES</b>			
Long term financing from banking companies & financial institutions			
Secured	22.1	851,804,440	709,732,481
Unsecured	22.2	17,251,959	17,251,959
Term finance certificates-Secured	22.3	230,583,980	155,613,979
Long term morabaha	23	15,500,000	15,500,000
Certificates of investment	24	228,988,669	262,863,737
Long term deposits	26	497,084,400	632,145,264
		1,841,213,448	1,793,107,420
<b>30. MARK-UP ACCRUED</b>			
<b>Secured</b>			
- Short and long term financing		89,375,472	89,375,472
- Term finance certificates		16,913,910	16,916,666
- Certificates of investment	30.1	196,278	333,530
		106,485,660	106,625,668
<b>Unsecured</b>			
- Certificates of investment		140,684,631	157,314,276
		247,170,291	263,939,944
<b>30.1.</b> Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)			



	Note	2013 Rupees	2012 Rupees
<b>31. TRADE AND OTHER PAYABLES</b>			
Advance receipt against finance facilities	31.1	8,064,822	49,458,150
Unclaimed dividend		3,096,984	3,099,758
Preference dividend payable		58,023,278	98,475,716
Accrued liabilities		11,575,105	11,176,860
Other liabilities	31.2, 31.3	98,427,241	92,372,110
		<u>179,187,430</u>	<u>254,582,594</u>

31.1 These represent initial security deposit received against financing facilities.

31.2. These include withholding tax payable Rs.17.529 million (2012: Rs.10.892 million), central excise duty payable Rs.5.020 million (2012: 0.772 million) and Zakat payable Rs. 3,499 (2012: Rs.2,218).

31.3. It also includes Rs. 6.202 Million payable to Tricon Developers Limited (subsidiary company) against transfer of various houses of "Tricon Village". These houses were transferred from Allied Developers on behalf of Tricon Developers Limited.

### 32. CONTINGENCIES AND COMMITMENTS

#### 32.1. Contingencies

(a) The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 1,235.752 Million (2012: Rs. 772.471 million).

(b) The Company has filed recovery suits amount to Rs. 1,654.98 million (2012: Rs. 1,769.15 million). Prima facie the Bank has good arguable cases, the financial impact of the same has been accounted for in these financial statements.

Following litigations are pending against Trust Bank in the court of law:

	Rs. in million
Privatization Commission of Pakistan	270
The bank of Punjab	326
Levi's Strauss Pakistan (Pvt.) Limited	98
Punjab Provincial Co-operative Bank Limited	103
Shifa Co-operative Housing Society	10
Shifa international Hospital	5
Trading Corporation of Pakistan	87.5
House Building Finance Company	6.58
Summit Bank Limited	95.926
IGI Investment Bank Limited	73.002

(c) The delayed payment of income tax withheld and CED may attract additional surcharge and penal action (refer note # 31.2).

(d) The company had not recognised mark-up on financing from banking companies and financial institutions, term finance certificates, preference shares, certificates of investment, long term morabaha and on running finance, due to operational and financial constraints. Had the mark-up been fully recognised, mark-up accrued, loss for the year and negative equity would have been increased by Rs. 371.928 Million.

#### 32.2. Commitments

32.2.1 There exists no commitment as at balance sheet date.

### 33. INCOME FROM LEASE OPERATIONS

Finance lease income		13,831,616	51,580,979
Commitment and other fees		12,932	62,303
Miscellaneous lease income	33.1	4,456,989	66,774,691
		<u>18,301,537</u>	<u>118,417,973</u>

#### 33.1. Miscellaneous lease income

Mark-up on lease advance		-	151,072
Additional mark up on overdue lease rentals		4,456,989	66,623,619
		<u>4,456,989</u>	<u>66,774,691</u>

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>34. INCOME FROM INVESTMENTS</b>			
Gain on disposal of "HFT" and "AFS" investments		-	1,671,304
Profit on short term placements		127,599	5,732,107
Profit on long term investments		1,702,673	9,885,369
		<u>1,830,272</u>	<u>17,288,780</u>
<b>35. INCOME FROM TERM LOANS</b>			
<b>Mark- up earned on long term loans</b>			
Employees		221,088	936,561
Customers		11,313,013	25,042,351
		11,534,101	25,978,912
<b>Mark- up earned on short term loans</b>			
Customers		31,566,535	76,041,039
		<u>43,100,636</u>	<u>102,019,951</u>
<b>36. FINANCE COST</b>			
Mark-up on long term financing		-	121,975,015
Mark-up on term finance certificates		-	39,650,617
Amortisation of initial cost		1,880,935	1,880,928
Mark-up on certificates of investment		22,943,500	329,607,492
Mark-up on running finance		-	6,321,154
Bank charges and commission		23,676,390	45,790,055
Amortization of preference shares cost		1,393,420	1,529,350
		<u>49,894,245</u>	<u>546,754,611</u>
<b>37. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	37.1	57,412,085	69,117,394
Printing and stationery		1,013,914	1,207,528
Vehicle running and maintenance		8,121,039	14,369,385
Postage, telephone and telex		1,210,013	2,039,493
Traveling and conveyance		2,026,800	2,994,870
Boarding and lodging		636,414	716,041
Entertainment		822,198	1,399,455
Advertisement		344,040	670,098
Electricity, gas and water		2,698,046	1,888,838
Newspapers and periodicals		18,396	37,255
Auditors' remuneration	37.2	1,500,000	1,475,000
Fee and subscription		1,027,389	2,745,646
Rent, rates and taxes		4,588,729	13,267,477
Insurance		889,255	1,177,489
Office maintenance		3,395,812	1,418,925
Legal and professional charges		11,268,474	8,522,274
Security charges		528,494	861,036
Staff training		23,490	55,495
Depreciation on property, plant and equipment	6.1	7,845,747	6,880,145
Amortization of intangible assets	6.4	105,864	105,864
Miscellaneous		5,694,685	6,723,875
		<u>111,170,884</u>	<u>137,673,583</u>

**37.1.** It includes provision for gratuity and compensated leave absences amounting to Rs. 8.200 million and Rs. 1.159 million respectively (2012: Rs.5.016 million and Rs. 0.613 million respectively).



	Note	2013 Rupees	2012 Rupees
<b>37.2. Auditors' remuneration</b>			
Audit fee:			
Annual		800,000	800,000
Half yearly review		350,000	300,000
Certification		-	40,000
Out of pocket expenses		350,000	335,000
		<u>1,500,000</u>	<u>1,475,000</u>

### 38. OTHER OPERATING INCOME

(Loss)/ gain on disposal of fixed assets		(699,011)	173,711
Commission income		16,052,738	8,919,298
Profit on bank deposits		324,606	1,172,954
Profit on settlement	38.1	45,834,298	-
Miscellaneous (loss)/gain	38.2	(1,132,999)	1,328,064
		<u>60,379,632</u>	<u>11,594,027</u>

**38.1.** This represents profit on settlement of preference shares by an agreement between AMZ and TCPL (Refer note 18.4.1)

**38.2.** This head contains income on bouncing of cheques of lessees, ware house charges recovered from lessees and adjustment of leases against COIs.

### 39. OTHER OPERATING EXPENSES

These represent lease receivables written off during the year.

### 40. PROVISION AGAINST LEASE AND TERM LOAN

Provision for potential lease losses		46,564,883	17,253,179
Provision for loans and advances		2,233,903	393,684,344
Provision for other receivable	40.1	51,526,747	113,614,366
Provision against financing against shares		-	2,988,987
		<u>100,325,533</u>	<u>527,540,876</u>

**40.1.** Prior year figure has been reclassified for better presentation (Ref: Note # 52.3)

### 41. IMPAIRMENT IN THE VALUE OF INVESTMENT

Charge of impairment of investment in subsidiary		19,374,691	-
Reversal of impairment in the value of investment		(66,478,000)	-
		<u>(47,103,309)</u>	<u>-</u>

### 42. PROVISION FOR TAXATION

- Current tax			
For the year	42.1	398,049	2,028,795
		<u>398,049</u>	<u>2,028,795</u>

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

### 43. LOSS PER SHARE

Loss for the year after taxation	Rupees	<u>(144,863,440)</u>	<u>(1,050,050,907)</u>
Weighted average number of ordinary shares	Numbers	<u>58,552,872</u>	<u>58,552,872</u>
Loss per share - basic	Rupees	<u>(2.47)</u>	<u>(17.93)</u>

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



**44. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE AND DIRECTORS**

	<b>Chief Executive</b>		<b>Directors</b>		<b>Executives</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	-----Rupees-----					
Managerial remuneration	<b>5,133,653</b>	8,694,870	-	-	<b>5,243,427</b>	8,027,365
Housing and utilities	<b>2,308,154</b>	4,785,549	-	-	<b>2,357,510</b>	4,418,161
Bonus	-	-	-	-	-	-
Medical	<b>118,191</b>	38,000	-	-	<b>177,955</b>	398,526
Others	<b>517,345</b>	883,250	-	-	<b>528,407</b>	1,123,884
Gratuity	<b>750,000</b>	2,104,552	-	-	<b>2,887,000</b>	6,731,389
Directorship Fee	-	-	<b>315,000</b>	1,700,000	-	-
	<b>8,827,343</b>	16,506,221	<b>315,000</b>	1,700,000	<b>11,194,299</b>	20,699,325
<b>Number of persons</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>11</b>	<b>8</b>

44.1. Fee was paid to directors for attending the board meetings amount to Rs. 315,000/- (2012: Rs.1,700,000/- ).

**45. MATURITIES OF ASSETS AND LIABILITIES**

	<b>2013</b>			
	<b>Total</b>	<b>Upto one year</b>	<b>Over one to five years</b>	<b>Over five years</b>
<b>Financial assets:</b>	.....Rupees.....			
Net investment in lease finance	1,208,932,641	1,208,932,641	-	-
Long term loans and advances	447,051,626	438,656,293	8,395,333	-
Long term investments	97,633,013	31,335,750	66,297,263	-
Short term loans and advances	109,038,553	109,038,553	-	-
Short term placements	4,858,663	4,858,663	-	-
Short term investments	1,093,005,480	1,093,005,480	-	-
Markup accrued	203,091,749	203,091,749	-	-
Other receivables	199,205,522	199,205,522	-	-
Cash and bank balances	5,642,474	5,642,474	-	-
	<b>3,368,459,721</b>	<b>3,293,767,125</b>	<b>74,692,596</b>	-
<b>Financial liabilities</b>				
Long term certificates of investments	253,958,871	228,988,669	24,970,202	-
Long term financing	2,574,642,624	851,804,440	1,722,838,184	-
Short term certificates of investments	1,399,355,968	1,399,355,968	-	-
Short term borrowings	39,413,532	39,413,532	-	-
Mark-up accrued	247,170,291	247,170,291	-	-
Trade and other payables	118,067,168	118,067,168	-	-
	<b>4,632,608,454</b>	<b>2,884,800,068</b>	<b>1,747,808,386</b>	-
<b>Net Balance</b>	<b>(1,264,148,733)</b>	<b>408,967,057</b>	<b>(1,673,115,790)</b>	-
<b>Shareholders' equity</b>	<b>(1,085,596,901)</b>			



	2012			
	Total	Upto one year	Over one to five years	Over five years
<b>Financial assets:</b>	.....Rupees.....			
Net investment in lease finance	1,632,688,325	1,503,757,405	128,930,920	-
Long term loans and advances	460,488,686	39,533,250	302,801,269	118,154,167
Long term investments	117,231,654	15,468,750	101,762,904	-
Short term loans and advances	258,579,111	258,579,111	-	-
Short term placements	35,000,000	35,000,000	-	-
Markup accrued	230,501,454	230,501,454	-	-
Other receivables	58,293,467	58,293,467	-	-
Cash and bank balances	10,352,204	10,352,204	-	-
	<b>2,803,134,901</b>	<b>2,151,485,641</b>	<b>533,495,093</b>	<b>118,154,167</b>
<b>Financial liabilities</b>				
Long term certificates of investments	294,076,384	262,863,737	31,212,647	-
Long term financing	1,540,461,014	898,098,419	642,362,595	-
Short term certificates of investments	1,718,993,706	1,718,993,706	-	-
Short term borrowings	39,947,964	39,947,964	-	-
Mark-up accrued	263,939,944	263,939,944	-	-
Trade and other payables	254,582,594	254,582,594	-	-
	<b>4,112,001,606</b>	<b>3,438,426,364</b>	<b>673,575,242</b>	<b>-</b>
<b>Net Balance</b>	<b>(1,308,866,705)</b>	<b>(1,286,940,723)</b>	<b>(140,080,149)</b>	<b>118,154,167</b>
<b>Shareholders' equity</b>	<b>(941,595,731)</b>			

## 45.1. FINANCIAL RISK MANAGEMENT

### 45.1.1. Financial risk factors

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

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

#### (a) Market risk

##### (i) Currency risk

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

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

##### (ii) Equity price risk

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

# Trust Investment Bank Limited

Reporting date all index points	2013		2012	
	21005		13801	
	Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity	
Held-for-trading investments			(Rupees)	
	+10%	-	-	
2013	-10%	-	-	
	+10%	-	-	
2012	-10%	-	-	

### (iii) Profit rate risk

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

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

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

Floating rate instruments	2013 Rupees	2012 Rupees
<b>Financial assets</b>		
Bank balances - deposit accounts	5,306,213	9,502,415
Short term placements	4,858,663	35,000,000
Short term loans and advances	109,038,553	258,579,111
Long term investments	97,633,013	117,231,654
Lease rental receivables	1,208,932,641	1,632,688,325
Long term loans and advances	447,051,626	93,125,239

### Fair value sensitivity analysis for fixed rate instruments

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

### (b) Credit risk

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

Bank balances	5,550,407	10,352,204
Short term placements	4,858,663	35,000,000
Short term investments	1,093,005,480	-
Short term loans and advances-net	109,038,553	258,579,111
Markup accrued	203,091,749	230,501,454
Other receivables	199,205,522	58,293,467
Long term investments	97,633,013	117,231,654
Lease rental receivables	1,208,932,641	1,632,688,325
Long term loans and advances	447,051,626	93,125,239
	3,368,367,654	2,435,771,454

Geographically all credit exposure is concentrated in Pakistan.

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

Chemical & fertilizer	12,031,759	15,046,000
Construction / Real Estate	137,936,646	172,493,048
Financial institutions / Insurance Companies	335,982,046	420,153,520
Health care	30,158,368	37,713,755
Hotels	11,112,384	13,896,300
Individuals / auto lease	996,008,407	1,245,532,144
Miscellaneous manufacturing	298,932,795	373,822,553
Miscellaneous services	191,342,445	239,278,267
Natural gas & LPG	53,740,950	67,204,333
Paper & board	11,115,343	13,900,000
Steel & engineering	18,673,776	23,352,000
Sugar & allied	31,446,405	39,324,475
Textile composite	29,846,508	37,323,766
Textile knitwear / apparel	155,518,841	194,480,000
Textile spinning	20,381,908	25,488,060
Transport & communication	331,297,751	414,295,698
	2,665,526,332	3,333,303,919



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

**Overdue term loans and lease rental receivables**

Past due 0 - 180 days	94,400,828	130,267,256
Past due 181 - 365 days	37,925,799	97,062,419
1 - 2 years	96,719,428	426,536,269
More than 2 years	763,469,126	1,095,250,338
	<b>992,515,181</b>	<b>1,749,116,282</b>

**Provision on term loans and lease rental receivables**

Past due 0 - 180 days	-	-
Past due 181 - 365 days	-	-
1 - 2 years	156,024,491	79,255,478
More than 2 years	581,115,946	295,188,413
	<b>737,140,437</b>	<b>374,443,891</b>

**Collaterals held against term financing and lease rentals receivables**

	2013				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid-collaterals	
	----- Rupees -----				
Long term finances	46,840,736	183,732,000	214,000	37,500,000	(174,605,264)
Short term finances	109,038,553	219,130,000	-	139,820,000	(249,911,447)
Lease rental receivables	1,734,292,842	3,286,255,786	-	-	(1,551,962,944)

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

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

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

Banks	Rating		2013	2012
	Long term	Agency	(Rupees)	
Summit Bank Limited	A-	JCR	10,169	12,558
The Bank of Punjab	AA-	PACRA	-	69
Habib Bank Limited	AAA	JCR	188,084	333,906
Habib Metropolitan Bank	AA+	PACRA	45,115	45,463
MCB Bank Limited	AAA	PACRA	213,101	621,853
NIB Bank Limited	AA-	PACRA	1,367,557	3,222,122
Standard Chartered Bank	AAA	PACRA	5,517	5,398
State Bank of Pakistan			826	826
Burj Bank Limited	A	JCR	3,700,514	5,638,931
KASB Bank Limited	BBB	PACRA	13,839	12,988
Bank Al Habib Limited	AA+	PACRA	4,864	-
JS Bank Limited	A+	PACRA	821	1,025
			<b>5,550,407</b>	<b>9,895,139</b>

Sukuks / Bonds	Rating		2013	2012
	Long term	Agency	(Rupees)	
Eden Housing Limited-Sukuks			-	31,406,250
			-	31,406,250
<b>Term finance certificates</b>				
Azgard Nine Limited	D	PACRA	-	39,968,000
			-	39,968,000

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

# Trust Investment Bank Limited

## (c) Liquidity risk

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

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

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

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>30 June 2013</b>	----- Rupees -----				
Customers' security deposits	407,511,360	-	357,687,845	49,823,515	-
Trade and other payables	118,067,168	-	118,067,168	-	-
	<u>525,578,528</u>		<u>475,755,013</u>	<u>49,823,515</u>	<u>-</u>
<b>30 June 2012</b>					
Customers' security deposits	511,827,522	-	482,478,149	29,349,373	-
Trade and other payables	254,582,594	-	254,582,594	-	-
	<u>766,410,116</u>	<u>-</u>	<u>737,060,743</u>	<u>29,349,373</u>	<u>-</u>

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

## 45.2. Fair values of financial assets and liabilities

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

## 45.3. Financial instruments by categories

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
<b>As at 30 June 2013</b>	----- (Rupees) -----					
<b>Assets as per balance sheet</b>						
Cash and bank balances	5,642,474	-	-	-	-	5,642,474
Short term placements	-	4,858,663	-	-	-	4,858,663
Short term loans and advances	-	109,038,553	-	-	-	109,038,553
Short term investments	-	-	-	-	-	-
Markup accrued	-	203,091,749	-	-	-	203,091,749
Other receivables	-	199,205,522	-	-	-	199,205,522
Long term investments	-	-	-	97,633,013	-	97,633,013
Lease rental receivables	-	1,208,932,641	-	-	-	1,208,932,641
Long term loans and advances	-	447,051,626	-	-	-	447,051,626
	<u>5,642,474</u>	<u>2,172,178,754</u>	<u>-</u>	<u>97,633,013</u>	<u>-</u>	<u>2,275,454,241</u>

### Financial liabilities at amortized cost

(Rupees)

## Liabilities as per balance sheet

Customers' security deposits	407,511,360
Long term financing-subordinated loan	1,696,282,851
Long term financing-preference shares	306,500,000
Long term financing-others	1,126,195,712
Long term morabaha	15,500,000
Long term certificates of investment	253,958,871
Short term borrowings	39,413,532
Short term certificates of investment	1,399,355,968
Trade & other payables	118,067,168
	<u>5,362,785,462</u>



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

<b>Financial liabilities at amortized cost</b>
--

<b>Liabilities as per balance sheet</b>	<b>(Rupees)</b>
Customers' security deposits	511,827,522
Long term financing-subordinated loan	400,646,237
Long term financing-preference shares	306,500,000
Long term financing-others	1,124,314,777
Long term morabaha	15,500,000
Long term certificates of investment	294,076,384
Short term borrowings	39,947,964
Short term certificates of investment	1,718,993,706
Trade and other payables	<u>254,582,594</u>
	<u><u>4,666,389,184</u></u>

#### 45.4. Capital risk management

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

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

<b>46. CASH AND EQUIVALENTS</b>	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Cash and bank balances	<b>5,642,474</b>	10,352,204
Short term running finance	<b>(39,413,532)</b>	(39,947,964)
	<u><b>(33,771,058)</b></u>	<u>(29,595,760)</u>

# Trust Investment Bank Limited

## 47. TRANSACTIONS WITH RELATED PARTIES

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

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Mr. Asif Kamal</b>		
Share capital as on June 30	<b>71,065,510</b>	71,065,510
Subordinate Loan	<b>1,093,005,480</b>	
<b>Mr.Zahid Rafiq</b>		
Share capital as on June 30	<b>57,024,050</b>	57,024,050
<b>Genesis Securities (Pvt) Limited.</b>		
Share capital as on June 30	<b>122,097,420</b>	122,097,420
<b>Associated undertakings:</b>		
<b>Polygon Developers</b>		
Finance income charged during the period	-	3,139,509
<b>Habib Rafiq (Pvt) Limited</b>		
Letter of Guarantees issued during the year	<b>335,720,521</b>	164,680,696
Letter of Guarantees outstanding as at June 30	<b>429,100,583</b>	373,308,256
Income charged during the year	<b>6,363,561</b>	5,144,042
<b>Maple Leaf Cement Factory Limited</b>		
Letter of Guarantees outstanding as at June 30	<b>40,000,000</b>	40,000,000
Income charged during the year	<b>299,182</b>	471,929
<b>The Bank of Khyber</b>		
Amount outstanding against borrowing as at June 30	-	27,777,780
Markup charged during period	-	3,708,773
<b>Others</b>		
<b>Employees' retirement fund</b>		
Contribution made	<b>10,066,203</b>	10,031,240
<b>Subsidiary Company</b>		
<b>Tricon Developers Limited</b>		
Amount due against leases	<b>134,376</b>	1,221,876
Finance income charged during the period	<b>3,306</b>	145,518
Deposit against lease arrangements	<b>189,000</b>	279,500
Long term financing - subordinated loan as on June 30	<b>100,000,000</b>	400,646,237
<b>Trust Capital (Private) Limited</b>		
Loan (Recovered) / paid during the period	<b>(4,514,000)</b>	-
Outstanding loans and advances as at June 30	<b>176,256,664</b>	31,429,319

#### 48. SEGMENT ANALYSIS

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

##### Financing activities

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

##### Investment activities

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

	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operation:	18,301,537	-	18,301,537
Income from investment:	-	1,830,272	1,830,272
Income from term loan:	43,100,636	-	43,100,636
<b>Total income for reportable segments</b>	<b>61,402,173</b>	<b>1,830,272</b>	<b>63,232,445</b>
Finance cost	24,824,435	25,069,810	49,894,245
Administrative and operating expense:	108,097,642	3,073,242	111,170,884
Lease receivables written off	48,408,255	-	48,408,255
Provision for potential lease losses and term finance:	100,325,533	-	100,325,533
Impairment on available for sale investment:	-	(47,103,309)	(47,103,309)
Other income	(1,132,999)	61,512,631	60,379,632
<b>Segment result</b>	<b>(219,120,693)</b>	<b>(40,722,102)</b>	<b>(139,083,531)</b>
<b>Profit before taxation</b>			<b>(139,083,531)</b>
	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Segment assets	1,843,331,395	147,337,651	1,990,669,046
Unallocated assets			2,462,860,526
			<u>4,453,529,572</u>
Segment liabilities	2,861,892,095	1,440,401,170	4,302,293,265
Unallocated liabilities			1,236,833,208
			<u>5,539,126,473</u>
	-----2012-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operation:	118,417,973	-	118,417,973
Income from investment:	-	17,288,780	17,288,780
Income from finances / loan:	102,019,951	-	102,019,951
<b>Total income for reportable segments</b>	<b>220,437,924</b>	<b>17,288,780</b>	<b>237,726,704</b>
Finance cost	493,114,052	53,640,559	546,754,611
Administrative and operating expense:	129,749,146	7,924,437	137,673,583
Lease receivables written off	39,516,924	-	39,516,924
Provision for potential lease losses and term finance:	527,540,876	-	527,540,876
Impairment on available for sale investment:	-	-	-
Other income	(1,328,064)	(10,265,963)	(11,594,027)
<b>Segment result</b>	<b>(968,155,010)</b>	<b>(34,010,253)</b>	<b>(1,002,165,263)</b>
<b>Loss before taxation</b>			<b>(1,002,165,263)</b>

# Trust Investment Bank Limited

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

## 49. UNADJUSTING POST BALANCE SHEET EVENTS

The bank has by way of a special resolution passed at the extra ordinary general meeting under section 208 of the Companies Ordinance, 1984 held on September 21, 2013 decided to Convert its Preference Shares obligations amounting to Rs. 306.50 million into ordinary shares.

The purpose of the transaction is to strengthen the equity of the bank and as a result the bank. The Approval of this transaction is in process with the SECP.

## 50. EXPOSURE EXCEEDING 20% OF EQUITY

Below is the outstanding exposure exceeding 20% of equity:

	Amount ( in Rupees)
Awan Business concern	134,964,603/-
Ali Pervaiz and Associates	393,125,286/-

## 51. DATE OF AUTHORIZATION

These financial statements were authorized for issue on November 07, 2013 by the Board of Director

## 52. GENERAL

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

52.2. Nomenclature of following accounts has been changed during the year

<u>Previous nomenclature</u>	<u>Current nomenclature</u>
Property and equipment	Property, plant and equipment
Investment in Term Finance Certificates and Bonds/Sukuks-unquoted	Investment in Term Finance Certificates and Sukuks
Long term investments-Provision against doubtful investments	Long term investments-Impairment in the value of investments
Short term placements-Placement against Property	Short term placements-Placement with First Fidelity Leasing Modarba
Interest accrued-Balance sheet line item	Markup accrued- Balance sheet line item
Markup accrued - Bonds and term finance certificate	Markup accrued - Term finance certificates and Sukuks
Long term certificates of investment-unsecured	Long term certificates of investment
Current maturities of long term liabilities	Current maturities of non current liabilities
Advance receipt against leases	Advance receipt against finance facilities
Income from term finances	Income from term loans
Provision/Impairment in the value of investment	Impairment in the value of investment



**52.3.** Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation:

<b>Account Head</b>	<b>Previous Classification</b>	<b>Current Classification</b>	<b>Rupees</b>
Long term loans	Long term loans and advances-Secured-Related parties-considered good	Other receivables - Other receivables - Considered good	31,479,062/-
Account receivable charges wrongly booked in advances from parties	Short term loans and advances-Advances to parties	Other receivables - Other receivables - Considered good	17,014,481/-
Markup Accrued	Markup accrued- Short term and long term loans-considered good	Markup accrued-Short term placements- Considered doubtful	3,212,505/-
Markup Accrued	Markup accrued- Short term and long term loans-considered	Markup accrued - Short term placements - Considered doubtful	393,666/-
Suspension against doubtful placements	Other receivables-short term-Provision for doubtful receivable	Markup accrued-short term placements- Suspension against doubtful placements	3,212,505/-
Suspension against doubtful receivables	Markup accrued- Short term and long term loans-Suspension against doubtful loans	Markup accrued-Short term placements- Suspension against doubtful placements	393,666/-
Current portion of margin against letters of guarantee	Long term deposits-Margin against letters of guarantee	Long term deposits-Margin against letters of guarantee-Current portion shown under current liabilities	149,667,115/-
Long term certificate of investment	Long term certificates of investment-Local currency-Corporate-	Long term certificates of investment- Corporate-Secured	39,977,207/-
Markup Accrued	Markup Accrued-Unsecured-Certificate of investments	Markup Accrued-Secured-Certificate of investments	333,530/-

### **53. Event after balance sheet date**

The bank has by way of special resolution passed at the extra ordinary general meeting under section 208 of the Companies Ordinance, 1984 held on September 21, 2013 decided to convert its preference shares amounting to Rs. 306.50 million into ordinary shares. The approval of this transaction is in process with SECP.





# **Consolidated Financial Statement**

**Trust Investment Bank Limited**  
(For Year Ended June 30, 2013)

## Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of **TRUST INVESTMENT BANK LIMITED** ("the company") and its subsidiary as at **JUNE 30, 2013** and the consolidated related profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate adverse opinion on the financial statements of the **TRUST INVESTMENT BANK LIMITED**. The financial statements of the subsidiary company, Trust Capital (Private) Limited, however, was audited by another firm of chartered accountants, whose unmodified report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such auditors.

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

Our audit was conducted in accordance with the international Standards on auditing and accordingly included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion and , after due verification, we report that-

- a) the Company has incurred a net loss of Rs. 121.352 million (2012: Rs 1,020.374 million) during the year ended June 30, 2013 and as at that date, accumulated losses are Rs. 2,280.474 million (2012: Rs.2,154.602 million), equity short fall of minimum equity requirement of NBFCs by Rs.391.131 million (2012: 1,260.896 million) and its current liabilities exceed its current assets by Rs. 2,765.867 million (2012: Rs. 1,730.745 million). The company is facing operational & financial crisis and overdue installments of financing from banking companies & financial institutions and term finance certificates (TFC) are amounting to Rs. 898.098 million as on balance sheet date. The Securities & Exchange Commission of Pakistan (SECP) has not yet renewed company's license to operate Investment Finance Services (IFS) and also suspended the permission for raising deposits in any form and PACRA has withdrawn long term and short term rating of the company since November 19, 2012. Further, the members of Board of Directors are less than the minimum number required for a listed company since November 2012, and SECP approval for existing directors is also pending. These factors, alongwith mentioned in (b) to (j) below, indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business. The financial statements, however , do not disclose this fact and any adjustment to that effect;
- b) we could not satisfy ourselves regarding the carrying amount of deferred tax assets amounting to Rs. 515.932 million (2012: Rs. 515.932 million) in the absence of working and other related information. In our opinion, this amount should have been reversed in these financial statements in the presence of adverse financial ratios as mentioned above in paragraph (a). Had this reversal been made, non-current assets would have been decreased by Rs. 515.932 million and net loss for the year and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- c) balances of long term financing amounting to Rs. 314.329 million (refer note 22) and markup accrued amounting to Rs. 247.170 million (refer note 30) remained unconfirmed / unreconciled in the absence of direct balance confirmations and loan statements;
- d) the company has not provided for mark-up of Rs. 371.928 million on financing from banking companies & other financial institutions, term finance certificates, preference shares, certificates of Investment, long term morabaha and on running finance in these financial statements. Had the markup been provided, mark up payable, net loss for the year and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- e) we could not satisfy ourselves regarding subordinated loan received from Mr.Akram and other various landlords, in the form of land amounting to Rs. 623 million (refer note 21.2.3), in the absence of title documents and other relevant record. Moreover, Mr.Akram and other landlords are not the sponsors of the company. So, in our opinion, this transaction should not be classified as subordinated loan. Had this reclassification been made in appropriate head of account, the subordinated loan would have been decreased and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- f) we could not satisfy ourselves regarding short term investment in shares of Tricon Developers Limited (a subsidiary) amounting to Rs 1,093.005 million (refer note 14), related subordinated loan from sponsors amounting to Rs. 973.283 million (refer note 21) and disposal of land held for sale amounting to Rs. 476.369 million on following grounds;
  - i. the registrar of companies, Lahore circle, did not accept/approve the issue of shares of Tricon Developers Limited and the matter is still pending with him, consequently, the title of these shares has not been transferred in the name of the Trust Investment Bank Limited;
  - ii. non-compliance of NBFC (Establishment and regulation) Rules 2003(7) (2) (h) regarding investment in unquoted shares in any company other than wholly owned subsidiary in excess of 20% of its equity;

- iii. the Investment in shares of Tricon Developers limited (refer note 14), related subordinate loan (refer note 21) and disposal of land held for sale are taken in accordance with face value of these shares @ of Rs.10/- per share. The breakup value is significantly lower than the face value of these shares, as per available unaudited financial statements of Tricon Developers Limited for the year ended June 30, 2012. However, no adjustment to that effect has been made in these financial statements;

Financial impact of above points 'i' to 'iii' is impracticable in the absence of audited financial statements of Tricon Developers Limited for the year ended June 30, 2012 & 2013 and other relevant record;

- g) long term loans and advances (refer note 8), net investment in lease finance (refer note 9), short term loans and advances (refer note 12), short term placement (refer note 13) and other receivables (refer note 16) remained unconfirmed / unverified in the absence of any reply of balance confirmations sent;
- h) the company has not charged any provision against unsecured past due balance receivable from broker amounting to Rs. 21.143 million (refer note 16). In our opinion this balance should be fully provided. Had this provision been made, current assets would have been decreased and loss for the year and short fall of minimum equity requirement of NBFCs would have been increased by the same amount;
- i) note 32 of the financial statements state certain contingencies, the ultimate outcome of these matters cannot presently be determined. Moreover, we have neither received direct reply of Mr. Rashdeen Nawaz Kasuri, a legal advisor and M/s Asim Iftikhar & Co, a tax consultant of the company, nor ascertain the legal / financial impact of the cases pending in their behalf, if any;
- j) the company has neither provided the audited financial statements of the Tricon Developers Limited for the year ended June 30, 2012 and 2013 nor prepared the consolidated financial statements with the Tricon Developers Limited ( refer note 14). So we are unable to quantify the consolidated financial effect in the absence of relevant record;
- k) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (j) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- l) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (j) above-
- 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 expenditures incurred during the year were for the purpose of the Company's business; and
- iii. the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the Company;
- m) in our opinion because of the matters as mentioned in paragraphs '(a)' to '(j)' above, the consolidated statements do not present fairly, the financial position of TRUST INVESTMENT BANK LIMITED and its Subsidiary company as at JUNE 30, 2013 and the results of their operations, their cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Notwithstanding our adverse opinion, we draw attention to:

- I. **Note # 18.3**, Preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance, 1984 and the matter of its classification will be dealt in accordance with the clarification sought by the Institute of Chartered Accountants of Pakistan from the Securities and Exchange Commission of Pakistan.

# Trust Investment Bank Limited

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2013

ASSETS	Note	2013 Rupees	2012 Rupees
<b>Non-current assets</b>			
Fixed assets	6	996,409,665	450,341,785
Long term investments	7	169,814,550	55,905,500
Long term loans and advances	8	8,395,333	22,112,927
Net investment in lease finance	9	-	128,930,920
Long term deposits		6,413,458	5,973,758
Deferred tax asset	10	515,931,678	515,931,678
<b>Total non-current assets</b>		<b>1,696,964,684</b>	<b>1,179,196,568</b>
<b>Current assets</b>			
Current maturities of non - current assets	11	1,277,848,272	1,558,759,405
Short term loans and advances	12	109,038,553	241,564,630
Short term placements	13	4,858,663	35,000,000
Short term investments	14	1,103,131,980	126,500
Short term prepayments		28,209,191	34,481,398
Markup accrued	15	203,091,749	227,288,949
Taxation - net		2,984,337	3,200,360
Other receivables	16	22,948,859	78,520,454
Cash and bank balances	17	5,846,666	10,472,443
		<b>2,757,958,270</b>	<b>2,189,414,139</b>
Assets classified as held for sale		-	476,368,866
<b>Total current assets</b>		<b>2,757,958,270</b>	<b>2,665,783,005</b>
<b>TOTAL ASSETS</b>		<b>4,454,922,954</b>	<b>3,844,979,573</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	892,028,729	892,028,729
Reserves	19	(1,979,442,720)	(1,853,571,346)
		<b>(1,087,413,991)</b>	<b>(961,542,617)</b>
<b>Surplus on revaluation of fixed assets-net</b>	20	<b>18,511,500</b>	<b>19,373,770</b>
<b>Non-current liabilities</b>			
Long term financing-subordinated loan	21	1,696,282,851	400,646,237
Long term financing-others	22	26,555,333	238,592,608
Long term morabaha	23	-	-
Long term certificates of investment	24	24,970,202	31,212,647
Deferred liabilities	25	5,041,342	2,935,254
Long term deposits	26	61,424,576	43,935,110
<b>Total non-current liabilities</b>		<b>1,814,274,304</b>	<b>717,321,856</b>
<b>Current liabilities</b>			
Short term borrowings	27	39,413,532	39,947,964
Short term certificates of investment	28	1,399,355,968	1,708,993,706
Current maturities of non current liabilities	29	1,831,842,198	1,786,859,920
Mark-up accrued	30	243,690,544	260,932,345
Trade and other payables	31	195,248,899	273,092,629
<b>Total current liabilities</b>		<b>3,709,551,141</b>	<b>4,069,826,564</b>
		<b>5,523,825,445</b>	<b>4,787,148,420</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	32	-	-
		<b>4,454,922,954</b>	<b>3,844,979,573</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
<b>Income</b>			
Income from lease operations	33	18,301,537	118,417,973
Income from investments	34	1,830,272	20,501,285
Income from brokerage		5,255,303	426,553
Income from term loans	35	43,100,636	102,019,951
		<u>68,487,748</u>	<u>241,365,762</u>
Finance cost	36	51,558,224	549,769,089
		<u>16,929,524</u>	<u>(308,403,327)</u>
Administrative and operating expenses	37	116,655,734	151,265,482
		<u>(99,726,210)</u>	<u>(459,668,809)</u>
Other operating income	38	61,028,263	11,594,027
		<u>(38,697,947)</u>	<u>(448,074,782)</u>
Other operating expenses	39	48,408,255	39,516,924
<b>Operating loss before provisions and taxation</b>		<u>(87,106,202)</u>	<u>(487,591,706)</u>
Provision against lease and term loan	40	100,325,533	530,753,381
Reversal of impairment in the value of investment	41	(66,478,000)	-
		<u>33,847,533</u>	<u>530,753,381</u>
<b>Loss before taxation</b>		<u>(120,953,735)</u>	<u>(1,018,345,087)</u>
Provision for taxation	42	398,049	2,028,795
<b>Loss after taxation</b>		<u>(121,351,784)</u>	<u>(1,020,373,882)</u>
<b>Loss per share - basic/ diluted</b>	43	<u>(2.16)</u>	<u>(18.21)</u>

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2013**

	2013 Rupees	2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(120,953,735)	(1,018,345,087)
<b>Adjustments for non cash / non operating items:</b>		
Depreciation and amortization	8,366,068	7,335,588
Amortization of initial transaction cost over term finance certificates	1,880,935	1,880,928
Provision for staff service cost	4,641,020	7,788,668
Provision for potential lease and term loan losses	100,325,533	530,753,381
Lease receivables written off	48,408,255	39,516,924
Finance cost	49,894,245	547,888,161
Loss/(Gain) on disposal of fixed assets	699,011	(173,711)
Profit on settlement	(45,834,298)	-
Reversal of impairment in the value of investment	(66,478,000)	-
Gain on disposal of available for sale investments	-	(1,671,304)
	101,902,769	1,133,318,635
	(19,050,966)	114,973,548
<b>Operating (loss) / profit before working capital changes</b>		
<b>Changes in operating assets and liabilities:</b>		
<b>(Increase) / decrease in assets:</b>		
Long term loans and advances	13,437,060	189,281,211
Net investment in lease finance	211,211,148	454,971,551
Short term loans and advances	132,526,077	552,738,678
Short term placements	30,141,337	(28,022,877)
Short term investments	-	3,872,706
Short term prepayments	6,272,207	(29,213,332)
Markup accrued	23,725,052	6,333,047
Other receivables	(120,732,754)	(134,434,483)
	296,580,127	1,015,526,501
<b>Increase / (decrease) in liabilities:</b>		
Certificates of investment	(323,755,251)	(406,259,732)
Trade and other payables	(37,388,518)	53,183,870
	(64,563,642)	662,450,639
<b>Cash (used in) / generated from operations</b>		
	(83,614,608)	777,424,187
Finance cost paid	(64,782,963)	(388,882,589)
Taxes paid	(182,026)	(2,843,633)
Staff service cost paid	(4,415,872)	(14,067,723)
	(69,380,861)	(405,793,945)
<b>Net cash (used in) / generated from operating activities</b>		
	(152,995,469)	371,630,242
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(15,900,615)	(245,923,768)
Long term investments	(63,298,050)	6,156,250
Long term deposits	(439,700)	(3,612,908)
Long term investments	144,777,602	-
Proceeds from disposal of:		
Fixed assets	83,767,661	53,152,147
<b>Net cash generated from / (used in) investing activities</b>		
	148,906,898	(190,228,279)





	<b>2013</b> <b>Rupees</b>	<b>2012</b> <b>Rupees</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	-	(56,549,502)
Long term morabaha	-	(4,000,000)
Redemption of term finance certificates		(138,018,520)
Dividend	<b>(2,774)</b>	(1,449)
<b>Net cash used in financing activities</b>	<b>(2,774)</b>	<b>(198,569,471)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,091,345)</b>	<b>(17,167,508)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(29,475,521)</b>	<b>(12,308,013)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>46 (33,566,866)</b>	<b>(29,475,521)</b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Loss after taxation for the year	<b>(121,351,784)</b>	(1,020,373,882)
Other comprehensive income/loss		
Transferred from surplus on revaluation of fixed assets to accumulated loss-net of tax	<b>862,270</b>	8,302,361
<b>Total comprehensive loss for the year</b>	<b><u>(120,489,514)</u></b>	<b><u>(1,012,071,521)</u></b>

The annexed notes from 1 to 53 form an integral part of these financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2013**

	Ordinary Shares	Preference shares	CAPITAL RESERVES		REVENUE RESERVES			Total
			Statutory reserve	General reserve	Accumulated losses	Sub Total		
<b>Balances as at 01 July 2011</b>	585,528,729	306,500,000	240,030,907	61,000,000	(1,096,673,883)	(795,642,976)	96,385,753	
Total comprehensive loss for the year	-	-	-	-	(1,012,071,521)	(1,012,071,521)	(1,012,071,521)	
Dividend on preference shares @ 1 year Kibor+100 BPS for the year ended 30 June 2012	-	-	-	-	(45,856,849)	(45,856,849)	(45,856,849)	
<b>Balances as at 30 June 2012</b>	<b>585,528,729</b>	<b>306,500,000</b>	<b>240,030,907</b>	<b>61,000,000</b>	<b>(2,154,602,253)</b>	<b>(1,853,571,346)</b>	<b>(961,542,617)</b>	
Total comprehensive loss for the year	-	-	-	-	(120,489,514)	(120,489,514)	(120,489,514)	
Dividend on preference shares @ 1 year Kibor+100 BPS for the year ended 30 June 2013	-	-	-	-	(5,381,860)	(5,381,860)	(5,381,860)	
<b>Balances as at 30 June 2013</b>	<b>585,528,729</b>	<b>306,500,000</b>	<b>240,030,907</b>	<b>61,000,000</b>	<b>(2,280,473,627)</b>	<b>(1,979,442,720)</b>	<b>(1,087,413,991)</b>	

-----Rupees-----

The annexed notes from 1 to 53 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

#### 1.1. Parent Company

**1.1.1** Trust Investment Bank Limited ("the Company") was incorporated in 1992 as a public limited Company under the Companies Ordinance, 1984 and is listed on Lahore, Karachi and Islamabad Stock Exchanges. The registered office of the Company is situated at 6th Floor, M M Tower, 28 - A / K, Gulberg II, Lahore. The Company is mainly engaged in the business of investment finance services. It is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP).

The Pakistan Credit Rating Agency Limited (PACRA) has downgraded the long-term entity rating of the company to 'B' [Previous: BBB-], and short-term entity rating to 'B' [Previous: A3]. Meanwhile, the rating of secured and listed TFC issue (TFC III - PKR 600 mln) has been downgraded to 'B' [Previous: BBB-]. The ratings indicate that significant credit risk is present. The outlook on the ratings remains negative.

**1.1.2** The financial statements for the year ended June 30, 2013 reflect loss after taxation of Rs. 121.352 million and as of the said date, the accumulated losses of the company amounts to Rs. 2,280.474 million resulting in shortfall of the minimum regulatory requirement of the equity. Further, the company's license to operate investment finance services is pending for renewal by the SECP as of the balance sheet date. These conditions indicate the existence of a material uncertainty regarding the future operations of the company.

However, in order to improve the equity of the company, subsequent to the year as stated in note # 21, the Shareholder of the Bank has approved the acquisition of such number of ordinary shares of Tricon Developers Limited from Mr. Asif Kamal and property from new sponsors, which are required to comply with Minimum Equity Requirement (MER) as per NBFC Rules & Regulations. The shares and property acquired through aforesaid transactions shall be treated as a subordinated loan which shall be available for issuance of shares of Trust Bank. Sanction of approval from SECP is in progress. These transaction shall strengthen the equity of the bank and as a result the bank shall become equity compliant and it may increase dividend earnings and capital appreciation since it is expected that shares in the investee company will generate reasonable profits in future. Also during the year the company has successfully negotiated settlement with major deposit holders against the properties owned by it and negotiations with other depositors and financial institutions are in process. We are also in process of converting our preference shares in to ordinary shares. This will result in future interest cost and preference dividend savings to the company. Also with the support of recovery agents, the company is pursuing its customers / borrowers very aggressively. These measures are expected to contribute towards improvement in the financial condition of the company.

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

#### 1.2 Subsidiary Company

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

### 2. STATEMENT OF COMPLIANCE

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

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

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

IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from improvement to IFRSs
IFRS 1	First-time Adoption of International Financial Reporting Standards - Additional exemption for entities ceasing to suffer from severe hyperinflation
IFRS 1	First-time Adoption of International Financial Reporting Standards - Replacement of fixed date for certain exemptions with a date of transition to IFRSs
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from improvement to IFRSs
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosure about transfer of financial assets
IAS 1	Presentation of Financial Statements - Amendment resulting from improvement to IFRSs
IAS 12	Income taxes - Recovery of underlying assets
IAS 24	Related Party Disclosures - Revised definition of related parties
IAS 34	Interim Financial Reporting - Amendments resulting from improvement to IFRSs
IFRIC 13	Customer Loyalty Programmes - Amendments resulting from improvement to IFRSs
IFRIC 14	IAS 19 - The Limits on a Defined Benefit Asset, Minimum Funding requirements and their Interaction (Amendments)

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

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

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan

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

## 3. BASIS OF CONSOLIDATION

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

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

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

# Trust Investment Bank Limited

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

If the Group loses control over a subsidiary, it:

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

## 4. BASIS OF MEASUREMENT

### 4.1. Accounting convention

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

### 4.2. Significant estimates

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

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

	<b>Note</b>
- Taxation	5.1
- Residual value and useful life of depreciable assets	5.2
- Provisions	5.6
- Staff retirement benefits (Gratuity)	5.15
- Impairment	5.21

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1. Taxation

#### **Current:**

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

#### **Deferred:**

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

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

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

### 5.2. Property and equipment

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

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

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

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

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

### 5.3. Intangible assets

These are stated at cost less impairment losses, if any. The carrying amounts are reviewed at each balance sheet date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

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

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

### 5.4. Non current assets - held for sale

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

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

## 5.5. Financial instruments

### **Financial assets:**

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

### **Financial liabilities:**

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

### **Recognition and derecognition:**

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

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

### **Offsetting of financial assets and financial liabilities:**

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

## 5.6. Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision has been made after taking the benefits of collaterals as per NBFC Regulations, 2008.

## 5.7. Investments

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

### **Initial measurement:**

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

### **Subsequent measurement:**

#### **Investment in subsidiary:**

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

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

### **Held to maturity:**

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



**Held for trading:**

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

**Available-for-sale:**

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

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

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

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

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

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

**5.8. Trade and settlement date accounting**

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

**5.9. Securities under repurchase/reverse repurchase agreements**

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

**Repurchase agreements:**

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

**Reverse repurchase agreements:**

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

## 5.10. Term finances

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

## 5.11. Net investment in lease finance

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

## 5.12. Assets acquired in satisfaction of claims

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

## 5.13. Revenue recognition

### Finance leases:

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

### Capital gains and losses on sale of investments:

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

### Processing fee, front end fee and penal charges:

These are recognized as income when services are provided.

### Return on finances, placements and term finances:

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

### Morabaha income:

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

### Income on bank deposits, held to maturity investments and reverse repo transactions:

Income from bank deposits, investments and reverse repo transactions is recognized on time proportion basis.

### Guarantee commission:

Commission income from guarantee is recognized on time proportion basis.

### Dividend Income:

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

## 5.14. Return on certificates of investment

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

## 5.15. Staff retirement benefits

### Gratuity:

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

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

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



**Leave encashment:**

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

**5.16. Provision for potential lease losses and loans**

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

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

**5.17. Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks on current and deposit accounts and short term running finance account.

**5.18. Borrowing costs**

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

**5.19. Transactions with related parties and transfer pricing**

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

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

**5.20. Foreign currency translation**

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

**5.21. Impairment**

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

**5.22. Dividends**

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

**5.23. Bonus shares**

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

6. FIXED ASSETS	Note	2013 Rupees	2012 Rupees
<b>Tangible</b>			
Property, plant and equipment	6.1	86,729,880	102,015,704
Capital work in progress	6.2	878,121,000	316,432,600
<b>Intangible assets</b>	6.4	31,558,785	31,893,481
		996,409,665	450,341,785

# Trust Investment Bank Limited

## 6.1. Property, plant and equipment

PARTICULARS	2013									Rate %
	C O S T				ACCUMULATED D E P R E C I A T I O N					
	As at 01 July 2012	Additions during the year	Deletions during the year	As at 30 June 2013	As at 01 July 2012	For the year	Adjustment	As at 30 June 2013	Book value as at 30 June 2013	
Rupees										
<b>Owned</b>										
Building on freehold land	76,454,492	3,015,000	(6,454,492)	73,015,000	1,702,706	3,621,675	(1,786,690)	3,537,691	69,477,309	5
Leasehold improvements	27,839,895	-	(8,171,738)	19,668,157	18,659,717	1,784,271	(5,634,127)	14,809,861	4,858,296	20
Office equipment and machines	20,236,760	1,034,150	(1,175,816)	20,095,094	14,128,584	1,318,731	(740,307)	14,707,008	5,388,086	20
Furniture and fixtures	13,904,722	-	(866,294)	13,038,428	6,969,463	689,868	(467,814)	7,191,517	5,846,911	10
Air-conditioning equipment	3,195,078	-	(1,231,050)	1,964,028	1,405,428	133,043	(473,521)	1,064,950	899,078	10
Vehicles	5,153,002	-	(4,273,146)	879,856	1,902,347	483,784	(1,766,475)	619,656	260,200	20
	<b>146,783,949</b>	<b>4,049,150</b>	<b>(22,172,536)</b>	<b>128,660,563</b>	<b>44,768,245</b>	<b>8,031,372</b>	<b>(10,868,934)</b>	<b>41,930,683</b>	<b>86,729,880</b>	

PARTICULARS	2012									Rate %
	C O S T				ACCUMULATED D E P R E C I A T I O N					
	As at 01 July 2011	Additions during the year	Deletions during the year	As at 30 June 2012	As at 01 July 2011	For the year	Adjustment	As at 30 June 2012	Book value as at 30 June 2012	
Rupees										
<b>Owned</b>										
Land	22,000,000	-	(22,000,000)	-	-	-	-	-	-	-
Building on freehold land	39,976,050	70,000,000	(33,521,558)	76,454,492	5,563,317	1,459,224	(5,319,835)	1,702,706	74,751,786	5
Leasehold improvements	27,839,895	-	-	27,839,895	16,364,681	2,295,036	-	18,659,717	9,180,178	20
Office equipment and machines	19,554,722	1,250,471	(568,433)	20,236,760	13,177,957	1,273,546	(322,919)	14,128,584	6,108,176	20
Furniture and fixtures	14,395,435	240,027	(730,740)	13,904,722	6,549,165	775,819	(355,521)	6,969,463	6,935,259	10
Air-conditioning equipment	3,481,379	-	(286,301)	3,195,078	1,326,810	207,544	(128,926)	1,405,428	1,789,650	10
Vehicles	6,186,928	3,249,670	(4,283,596)	5,153,002	3,197,615	989,723	(2,284,991)	1,902,347	3,250,655	20
	<b>133,434,409</b>	<b>74,740,168</b>	<b>(61,390,628)</b>	<b>146,783,949</b>	<b>46,179,545</b>	<b>7,000,892</b>	<b>(8,412,192)</b>	<b>44,768,245</b>	<b>102,015,704</b>	

6.1.1. It consists of office amounting to Rs. 70 million and Houses amounting to Rs. 3.015 million. Segregation into value of land and building is impracticable, hence depreciation has been charged on full amount.

NOTE	2013 Rupees	2012 Rupees
	316,432,600	145,249,000
	634,851,465	171,183,600
	951,284,065	316,432,600
	(73,163,065)	-
6.3	<b>878,121,000</b>	<b>316,432,600</b>

## 6.2. Capital work in progress

Opening Balance		316,432,600	145,249,000
Additions		634,851,465	171,183,600
		951,284,065	316,432,600
Disposal			
Cost		(73,163,065)	-
Closing balance	6.3	<b>878,121,000</b>	<b>316,432,600</b>

## 6.3. Particulars of Capital work in progress

Tricon Corporate Centre	6.3.1	108,249,000	108,249,000
China Centre	6.3.2	146,872,000	146,872,000
Tricon Centre Offices	6.3.3	-	48,511,600
Tricon Village Houses	6.3.4	-	12,800,000
Land at Jail Road Lahore	6.3.5	267,000,000	-
Land at Adyala road Rawalpindi	6.3.5	356,000,000	-
		<b>878,121,000</b>	<b>316,432,600</b>

6.3.1. Capital work in progress has been revalued by M/S Synergisers (Pvt) Limited (an independent professional valuer) in 2010, second revaluation was carried out by M/S Ali and Ali Engineers and Valuers (an independent professional valuer) in the 2011 which resulted into reversal of revaluation surplus by Rs. 12.801 million. Had there been no revaluation the carrying amount of capital work in progress would have been Rs. 89.737 million (2012: Rs. 297.921 million). Construction of Tricon Corporate Centre is still under process, as at balance sheet date.

6.3.2. This amount represents Shops at China centre, Feroz Pur Road Lahore. ( Shop # 3, 15, 16 Ground Floor amounting to Rs. 37 million, Shop # 1, 2, 3, 4, 5 Lower Ground Floor, amounting to Rs. 84.672 million, Shop # 6, Lower Ground Floor amounting to Rs. 25.20 million. Title has been transferred in the name of TIBL only through transfer letter, and the construction of China Centre is still under process, as at balance sheet date

6.3.3. This amount represents One office space at Tricon Corporate Centre at 8th Floor. subsequently adjusted against certificate of Investments of Azra and Compa

6.3.4. This amount represents houses at Tricon Village . subsequently adjusted against certificate of Investments of Mr. Khalid Siddiq

6.3.5. These lands are against subordinate loan of Mr. Muhammad Akram and other landlords (refer note 21.2.3), further, title of these properties has not yet been transferred in the name of the company as on balance sheet date. Subsequent to balance sheet date, land amounting to Rs. 95.22million has been transferred in the name of the company.

## 6.4. Intangible Assets

PARTICULARS	2013							
	C O S T				A M O R T I Z A T I O N			
	As at 01 July 2012	Additions / (Deletions) during the year	As at 30 June 2013	As at 01 July 2012	For the year	Deletions	As at 30 June 2013	Book value as at 30 June 2013
Rupees								
Software Licenses	39,582,700	-	39,582,700	7,689,219	334,696	-	8,023,915	31,558,785
	<b>39,582,700</b>	<b>-</b>	<b>39,582,700</b>	<b>7,689,219</b>	<b>334,696</b>	<b>-</b>	<b>8,023,915</b>	<b>31,558,785</b>

PARTICULARS	2012							
	C O S T				A M O R T I Z A T I O N			
	As at 01 July 2011	Additions / (Deletions) during the year	As at 30 June 2012	As at 01 July 2011	For the year	Deletions	As at 30 June 2012	Book value as at 30 June 2012
Rupees								
Software Licenses	39,582,700	-	39,582,700	7,354,523	334,696	-	7,689,219	31,893,481
	<b>39,582,700</b>	<b>-</b>	<b>39,582,700</b>	<b>7,354,523</b>	<b>334,696</b>	<b>-</b>	<b>7,689,219</b>	<b>31,893,481</b>

**6.5. Following assets were disposed off during the year**

-----2013-----						
Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
-----Rupees-----						
<b>Assets with book value exceeding Rs. 50,000</b>						
<b><u>Building on freehold land</u></b>						
Building-Khaleej Towers-Jail Road Branch	3,846,278	2,750,214	2,370,000	(380,214)	Negotiation	United Insurance Company of Pakistan Limited
Building-Multan Road Branch	2,608,221	1,917,594	1,500,000	(417,594)	Settlement against COI	Muzaffar Ahmad
<b><u>Leasehold improvements</u></b>						
Lease Hold Premises	1,401,970	350,163	25,800	(324,363)	Negotiation	Sialvi Furniture
Lease Hold Premises	857,393	310,704	41,000	(269,704)	Negotiation	Mr. M Azam
Lease Hold Premises	1,746,374	460,210	54,000	(406,210)	Negotiation	Unex Securities
Lease Hold Premises	3,664,484	1,250,419	57,400	(1,193,019)	Negotiation	Multi Buyers
Lease Hold Premises	482,200	161,298	5,600	(155,698)	Negotiation	M Mubashir
<b><u>Office Equipment and machines</u></b>						
Lap-Top	65,803	55,933	55,933	-	Company Policy	Mr. Javed Iqbal - Employee
Lap-Top	78,000	67,600	67,600	-	Company Policy	Mr. Shahid Iqbal - Employee
Lap-Top	65,803	55,933	55,933	-	Company Policy	Mr. Awais Yasin - Employee
<b><u>Air-conditioning equipment</u></b>						
Generator ( Head Office)	1,035,000	651,486	650,000	(1,486)	Negotiation	M.M. Tower
<b><u>Vehicles</u></b>						
Mercedes UH-426 Shahid Iqbal CEO	3,200,000	2,506,671	2,425,000	(81,671)	Negotiation	Mr. Muhammad Siddique
GLI-APB 292-Zafar Ul Hasan-Pool car-Karachi	1,073,146	-	1,025,000	1,025,000	Negotiation	Mr. Muhammad Sagheer
<b>Assets with book value below Rs. 50,000</b>	<b>2,047,871</b>	<b>765,392</b>	<b>378,666</b>	<b>(386,726)</b>	Negotiation	Various
<b><u>Capital work in progress</u></b>						
Tricon Village House # 73 & 74	12,800,000	12,800,000	13,000,000	200,000	Settlement against COI	Khalid Siddiqui
Tricon Corporate Centre Office # 804	48,511,600	48,511,600	50,000,000	1,488,400	Settlement against COI	Azra & Co.
Tricon Village House # 72	6,451,465	6,451,465	6,451,465	-	Settlement against COI	Khalid Siddiqui
Tricon Village House # 108	5,400,000	5,400,000	5,604,274	204,274	Settlement against Guarantee Margin	Upright Engineering Works
<b>2013</b>	<b>95,335,608</b>	<b>84,466,682</b>	<b>83,767,671</b>	<b>(699,011)</b>		
-----2012-----						
Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
-----Rupees-----						
<b>Assets with book value exceeding Rs. 50,000</b>						
<b><u>Land</u></b>						
Land at Gujrat	22,000,000	22,000,000	17,400,000	(4,600,000)	Negotiation	Mr. Mir Anjum
<b><u>Building on freehold land</u></b>						
Saima Trade Towers	20,335,958	16,039,842	18,000,000	1,960,158	Settlement	Karakurram Corporative Bank Limited
Office at Karachi	13,185,600	12,161,881	15,000,000	2,838,119	Settlement	A& R Company
<b><u>Vehicles</u></b>						
Cultus-LEE 4913	700,596	128,438	488,863	360,425	Company Policy	Mr.Asim Hameed- Company employee
Honda Civic-LEB 7018	1,757,500	820,167	820,167	-	Company Policy	Mr.Hamayun Nabi Jan- Company employee
Mercedes Benz-ADU 745	1,750,000	1,050,000	1,050,000	-	Company Policy	Mr.Hamayun Nabi Jan- Company employee
<b>Assets with book value below Rs. 50,000</b>	<b>1,660,974</b>	<b>778,103</b>	<b>393,117</b>	<b>(384,986)</b>	Negotiation	Various
<b>2012</b>	<b>61,390,628</b>	<b>52,978,431</b>	<b>53,152,147</b>	<b>173,716</b>		

# Trust Investment Bank Limited

## 7. LONG TERM INVESTMENTS

	Note	2013 Rupees	2012 Rupees
Investment -held for disposal	7.2	130,000,000	-
Investment in Term Finance Certificates and Sukuks	7.3	74,672,300	141,374,250
		<u>204,672,300</u>	<u>141,374,250</u>
Less: Impairment in the value of investments	7.4	3,522,000	70,000,000
	7.1	<u>201,150,300</u>	<u>71,374,250</u>
Less: Current portion of long term investments	11	31,335,750	15,468,750
		<u>169,814,550</u>	<u>55,905,500</u>

### 7.1. Particulars of long term investments

Long term investments-considered good		201,150,300	71,374,250
Long term investments-considered doubtful		3,522,000	70,000,000
		<u>204,672,300</u>	<u>141,374,250</u>
Less: Impairment in the value of investments	7.4	3,522,000	70,000,000
		<u>201,150,300</u>	<u>71,374,250</u>

### 7.2. Investment -held for disposal

Investment in TFC's - Dewan Cement Limited	7.2.1	50,000,000	-
Investment in Sukuks - New Allied Electronic Industries (Pvt) Limited	7.2.2	20,000,000	-
Unlisted Shares - Tricon Developers Limited	7.2.3	20,000,000	-
Other Investments	7.2.4	40,000,000	-
		<u>130,000,000</u>	<u>-</u>
		<u>130,000,000</u>	<u>-</u>

7.2.1. This represents the investment acquired from M/s Trust Investment Bank Limited made by the Bank in term finance certificates issued for a period of 6 years, duly secured against ranking charge over fixed asset of the investee with a margin of 25% which was subsequently converted into first pari-passu charge over all fixed asset, carries mark-up at the rate of 6 month KIBOR +200 Bps and redeemable in 9 equal semi-annual installments of Rs.5,555,556/-, started

7.2.2. This represents the investment acquired from M/s Trust Investment Bank Limited made by the Bank in Sukuks issued for a period of 4 years secured against first parri pasu charge over present and future fixed assets of the investee with 25% margin. These carry mark-up @ 3 Months KIBOR +260 BPS and redeemable in 16 equal quarterly installments of Rs. 1,250,000/- starting from 25 October 2008.

7.2.3. This represents the 2.0 Million shares of Tricon Developers Limited a subsidiary of M/s Trust Investment Bank Limited.

7.2.4. This represents the several smaller investments made by M/s Trust Investment Bank Limited acquired by the Company.

### 7.3. Investment in Term Finance Certificates and Sukuks

#### Held to maturity

#### Term finance certificates

Dewan Cement Limitec	7.3.1	-	50,000,000
Azgard Nine Limitec	7.3.2	53,109,800	39,968,000

#### Sukuks

New Allied Electronic Industries (Pvt) Limited-Sukuks	7.3.3	-	20,000,000
Eden Housing Limited-Sukuk:	7.3.4	21,562,500	31,406,250
		<u>74,672,300</u>	<u>141,374,250</u>

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

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

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

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

**7.3.3.** This represent the investment amounting to Rs 40 million made in Sukuks issued for a period of 4 years secured against first pari passu charge over present and future fixed assets of the investee with 25% margin. These carry mark-up @ 3 Months KIBOR +260 BPS and redeemable in 16 equal quarterly installments of Rs. 1,250,000/- starting from 25 October 2008. JCR-VIS assigned rating of "D" to said Sukuks which was subsequently withdrawn. The investment have been disposed off during the year at par value against settlement of preference Shares of M/s AMZ Plus Income Fund, subsequently acquired by KASB Liquid Fund.

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

	2013	2012
Note	Rupees	Rupees
Opening balance as at July 01,	70,000,000	70,000,000
(Reversal) / charge during the year	(66,478,000)	-
Closing balance as at June 30,	<b>7.4.1</b> 3,522,000	70,000,000

#### 7.4.1. Particulars of impairment

Dewan Cement Limited-TFCs	-	50,000,000
Azgard Nine Private Limited - TFC	3,522,000	-
New Allied Electronic Industries (Pvt) Limited-Sukuks	-	20,000,000
	<b>3,522,000</b>	70,000,000



# Trust Investment Bank Limited

<b>8. LONG TERM LOANS AND ADVANCES</b>		<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Secured:</b>			
Employees - considered good	<b>8.1</b>	<b>2,371,991</b>	3,678,952
Companies, organizations and individuals			
Considered good	<b>8.2</b>	<b>39,792,931</b>	51,923,030
Considered doubtful		<b>7,047,805</b>	7,047,805
		<b>46,840,736</b>	58,970,835
		<b>49,212,727</b>	62,649,787
<b>Un-secured:</b>			
Companies, organizations and individuals - Considered doubtful	<b>8.3</b>	<b>397,838,899</b>	397,838,899
		<b>447,051,626</b>	460,488,686
Less: provision against doubtful loans	<b>8.4</b>	<b>401,076,412</b>	398,842,509
		<b>45,975,214</b>	61,646,177
Less : current maturity	<b>11</b>	<b>37,579,881</b>	39,533,250
		<b>8,395,333</b>	22,112,927
<b>8.1.</b>	These represent long term loans provided to employees against mortgage of property and carry mark-up ranging from 4% to 12.50% (2012: 4% to 12.50%) per annum. The maximum aggregate balance due from the Chief Executive Officer is Rs. Nil (2012: Nil) and the maximum aggregate balance due from executives is Nil (2012: 2.196 million).		
<b>8.2</b>	These include long term finances provided to companies, organizations and individuals against mortgage of property, charge over assets and lien on deposits etc. These carry mark-up ranging from 16.00% to 20.62% (2012 : 16.00% to 20.62%) per annum.		
<b>8.3</b>	It includes receivables of Trust Capital (Pvt) Limited (TCPL) amounting to Rs. 367 million, transferred in the books of Accounts of Trust Investment Bank Limited (TIBL) vide a tri-party agreement between TCPL, TIBL and other parties, approved by the Board of Directors of TIBL & TCPL, whereby various exposures of TCPL have been taken over by TIBL company and hereafter, the parties shall make payments directly to TIBL. The repayment shall be made in three quarterly installments of Rs. 0.5 million, four quarterly installments of Rs. 0.75 million, 31 quarterly installments of Rs. 11.332 million and last installment of Rs. 38.829 million receivable latest by June 30, 2020. It carries markup @ 10% per annum increasing by 2% each year upto 5 years and @ 18% from 5th year onwards. Receipts of Rs. 1.500 Million have been received to date and remaining balance has been fully provided.		
		<b>2013</b>	<b>2012</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>8.4. Provision against doubtful loans</b>			
Opening balance as at July 01,		<b>398,842,509</b>	5,158,165
Charge for the year		<b>2,233,903</b>	393,709,628
Reversal during the year		-	(25,284)
Closing balance as at June 30,	<b>8.4.1</b>	<b>401,076,412</b>	398,842,509
<b>8.4.1. Particulars of provision against doubtful loans</b>			
Companies, organizations and individuals		<b>401,076,412</b>	398,842,509
		<b>401,076,412</b>	398,842,509
<b>8.5.</b>	Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)		



9. NET INVESTMENT IN LEASE FINANCE	Notes	2013 Rupees	2012 Rupees
Lease payments receivable	9.1	1,325,705,951	1,620,342,394
Add: Residual value		408,586,891	513,812,155
<b>Gross investment in leases</b>		<b>1,734,292,842</b>	<b>2,134,154,549</b>
Less: Unearned finance income		5,311,508	30,076,591
Income suspended	9.3	183,984,668	181,890,491
Provision for lease losses	9.4	336,064,025	289,499,142
		<b>525,360,201</b>	<b>501,466,224</b>
Net investment in lease finance		<b>1,208,932,641</b>	<b>1,632,688,325</b>
Less: Current portion of net investment in lease finance	11	<b>1,208,932,641</b>	<b>1,503,757,405</b>
		<b>-</b>	<b>128,930,920</b>

#### 30 June 2013

	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	1,214,244,149	520,048,693	-	1,734,292,842
Less: Unearned finance income	5,311,508	-	-	5,311,508
	<b>1,208,932,641</b>	<b>520,048,693</b>	<b>-</b>	<b>1,728,981,334</b>

#### 30 June 2012

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	1,527,939,505	606,215,044	-	2,134,154,549
Less: Unearned finance income	24,182,100	5,894,491	-	30,076,591
	<b>1,503,757,405</b>	<b>600,320,553</b>	<b>-</b>	<b>2,104,077,958</b>

**9.1.** The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2012: 8% to 25%) per annum. Security deposit is obtained generally upto 10% to 20% of the cost of leased assets at the time of disbursement. The Company requires the lessees to insure the leased assets in the favour of the Company and to maintain the financial ratios required by NBFC's Prudential regulations. Additional lease rentals are charged on the delayed payments.

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

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

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>9.3. Income suspended</b>			
Balance at the beginning of the year		181,890,491	176,495,915
Suspended during the year		13,705,043	13,315,591
Reversal of suspension		(11,610,866)	(7,921,015)
Balance at the end of the year		<u>183,984,668</u>	<u>181,890,491</u>
<b>9.4. Provision for lease losses</b>			
Balance at beginning of the year		289,499,142	272,245,963
Provision during the year		50,685,285	28,529,168
Provision reversed during the year		(4,120,402)	(11,275,989)
Balance at the end of the year		<u>336,064,025</u>	<u>289,499,142</u>
<b>10. DEFERRED TAX ASSET</b>			
<b>Taxable temporary differences</b>			
Accelerated depreciation for tax purposes		(9,105,030)	(9,105,030)
Leasing Finance		(345,554,360)	(345,554,360)
<b>Deductible temporary differences</b>			
Provision against investments		787,500	787,500
Taxable losses		869,803,568	869,803,568
		<u>515,931,678</u>	<u>515,931,678</u>
<b>10.1. Movement in deferred tax asset</b>			
Opening balance as at July 01,		515,931,678	515,931,678
Provision made during the year		-	-
Closing balance as at June 30,		<u>515,931,678</u>	<u>515,931,678</u>
<p>Deferred tax asset on tax losses representing unabsorbed tax depreciation and business losses (2006: 251,075,059; 2007: 451,049,732; 2008: 586,248,201; 2009: 624,383,172; 2010: 467,403,992; 2011: 1,035,264,319) available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company has recognized all deferred tax asset at the end of financial year in respect of tax losses, as it is projected that sufficient tax profits would be available to set these off in the foreseeable future liabilities.</p>			
<b>11. CURRENT MATURITIES OF NON-CURRENT ASSETS</b>			
Long term investments	7	31,335,750	15,468,750
Long term loans and advances	8	37,579,881	39,533,250
Net investment in lease finance	9	1,208,932,641	1,503,757,405
		<u>1,277,848,272</u>	<u>1,558,759,405</u>
<b>12. SHORT TERM LOANS AND ADVANCES</b>			
Short term loans-Secured	12.1	94,687,143	231,955,017
Short term advances	12.2,12.3	14,351,410	9,609,613
		<u>109,038,553</u>	<u>241,564,630</u>
<b>12.1. Short term loans-Secured</b>			
Companies, organizations and individuals			
Considered good	12.1.1	94,687,143	231,955,017
Considered doubtful		650,000	650,000
		95,337,143	232,605,017
Less: Provision against doubtful loans	12.1.2	650,000	650,000
		<u>94,687,143</u>	<u>231,955,017</u>

**12.1.1** These include short term finances provided to companies, organizations and individuals against their certificates of investment and mortgage of property. These carry mark-up ranging from 14.75% to 23.19% (2012 : 14.00% to 23.19%) per annum.

	Note	2013 Rupees	2012 Rupees
<b>12.1.2 Provision against doubtful loans</b>			
Opening balance as at July 01,		650,000	650,000
Charge/(Reversal) during the year		-	-
Closing balance as at June 30,		<u>650,000</u>	<u>650,000</u>

**12.2. Short term advances**

**Considered good**

Advances to employees		<u>14,351,410</u>	<u>9,609,613</u>
-----------------------	--	-------------------	------------------

**12.3.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

**13. SHORT TERM PLACEMENTS**

Repurchase agreement lendings (Reverse Repo)		7,022,877	7,022,877
TDR		3,000,000	-
Placement with First Fidelity Leasing Modarba		<u>1,858,663</u>	<u>35,000,000</u>
		<u>11,881,540</u>	<u>42,022,877</u>
Less: Provision against doubtful lending		<u>7,022,877</u>	<u>7,022,877</u>
		<u>4,858,663</u>	<u>35,000,000</u>

**13.1. Particulars of short term placements**

**Considered good**

Placement with First Fidelity Leasing Modarba	13.2	1,858,663	35,000,000
TDR	13.3	3,000,000	-

**Considered doubtful**

Hascomb Business Solutions	13.4	<u>7,022,877</u>	<u>7,022,877</u>
		<u>11,881,540</u>	<u>42,022,877</u>

**13.2** This placement is made during the last year against the loan of ENPLAN with 0% mark up which will due to be settled before or on March 31, 2013, subsequently it was settled against the Certificate of Investments of Mr. Abdul Rasheed and the remaining balance shall be paid off in two installments of Rs. 1.5 Million each, one installment of Rs. 1.0 Million and the balance shall be paid before September 30, 2013.

**13.3** The amount has been placed with BURJ bank Limited for one month @ 9.5 % p.a.

**13.4** These were secured against fair value of quoted securities and mortgage of property. These carry mark-up at the rate of 22% (2012: 22%). Quoted securities placed as collateral were disposed off during the 2011. Remaining balance has been fully provided.

**14. SHORT TERM INVESTMENTS**

Subsidiary company

Un-quoted

TRICON Developers Limited

109,300,548 (2012: Nil) fully paid ordinary shares  
of Rs. 10 each. Equity held 48.51% (2012: Nil)

14.2

1,093,005,480

-

(Breakup value Rs. 6.34/- per share based on available  
unaudited accounts for the year ended June 30, 2012)

**Short term Investment of TCPL**

10,126,500

126,500

1,103,131,980

126,500

**14.1.** The audited accounts of M/s Tricon Developers Limited for the period ended June 30, 2013 are not available . Due to non availability of audited accounts, TIBL is unable to prepare consolidated accounts with M/s Tricon Developers Limited.

**14.2** These represent investment in shares of M/s Tricon Developers Limited, acquired against Sub-Ordinated Loan of Mr. Asif kamal to strengthen the equity of the company (refer note 21.2.1). Also includes the Land (previously kept as assets classified as held for sale) converted into shares amounting to Rs. 476.368 million. The title of these shares still has not been transferred in the name of Trust Investment Bank Limited.

**14.3.** Summarised financial information of subsidiary based on unaudited available accounts for the year ended June 30, 2012 is as follows;

30-Jun-12

30-Jun-11

# Trust Investment Bank Limited

Aggregate amount of

Assets	1,842,577,066	4,602,240,289
Liabilities	414,442,625	1,960,460,698
Revenue	143,281,865	823,167,401
(Loss) / profit for the year	(1,213,645,151)	128,595,415

- 14.4** These represent investment in shares of M/s Tricon Developers Limited, acquired against Sub-ordinated Loan of Mr. Asif kamal to strengthen the equity of the company (refer note 21.2.1). Also includes the Land (previously kept as assets classified as held for sale) converted into shares amounting to Rs. 476.368 million. The title of these shares still has not been transferred in the name of Trust Investment Bank Limited.

	Note	2013 Rupees	2012 Rupees
<b>15. MARKUP ACCRUED</b>			
Mark-up accrued on:			
Term finance certificates and Sukuks	15.1	1,202,748	16,633,203
Short term and long term loans	15.2,15.5	18,626,486	18,668,281
Investments in lease	15.3	183,206,014	191,987,465
Short term placements	15.4	56,501	-
		<u>203,091,749</u>	<u>227,288,949</u>
<b>15.1. Mark-up accrued on bonds and term finance certificates</b>			
Considered good		1,202,748	16,633,203
Considered doubtful		53,140,168	44,568,467
		<u>54,342,916</u>	<u>61,201,670</u>
Less: Suspension against doubtful receivables	15.1.1	53,140,168	44,568,467
		<u>1,202,748</u>	<u>16,633,203</u>
<b>15.1.1. Suspension against doubtful receivables</b>			
Opening balance as at July 01,		44,568,467	34,042,803
Suspended during the year		8,571,701	10,525,664
Reversed during the year		-	-
Closing balance as at June 30,		<u>53,140,168</u>	<u>44,568,467</u>
<b>15.2. Mark-up accrued on short term and long term loans</b>			
Considered good		18,626,486	18,668,281
Considered doubtful		102,335,043	48,276,687
		<u>120,961,529</u>	<u>66,944,968</u>
Less: Suspension against doubtful loans	15.2.1	102,335,043	48,276,687
		<u>18,626,486</u>	<u>18,668,281</u>
<b>15.2.1. Suspension against doubtful loans</b>			
Opening balance as at July 01,		48,276,687	10,783,602
Suspended during the year		54,058,356	54,066,996
Reversed during the year		-	(16,573,911)
Closing balance as at June 30,		<u>102,335,043</u>	<u>48,276,687</u>

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

This includes additional mark up on lease rentals amounting to Rs. 182.963 million (2012: Rs. 190.180 million) in respect of overdue rentals receivable from performing lease portfolio in accordance with the terms of lease agreement.

**15.4. Mark-up accrued on short term placements**

Considered doubtful		<u>5,207,705</u>	<u>3,606,172</u>
		<b>5,207,705</b>	3,606,172
Less: Suspension against doubtful placements	<b>15.4.1</b>	<u>5,151,204</u>	<u>3,606,172</u>
		<u><b>56,501</b></u>	<u>-</u>

**15.4.1. Suspension against doubtful placements**

Opening balance as at July 01,		<b>3,606,172</b>	-
Suspended during the year		<u>1,545,032</u>	<u>3,606,172</u>
Closing balance as at June 30,		<u><b>5,151,204</b></u>	<u>3,606,172</u>

**15.5.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>16. OTHER RECEIVABLES</b>			
Receivable from broker - considered good		21,143,275	21,143,275
Miscellaneous receivables from lessees:	16.1		
Considered good		22,803,954	22,803,954
Considered doubtful		345,202,043	317,742,732
		368,005,997	340,546,686
Other receivables			
Considered good	16.4	2,376,886	34,586,321
Considered doubtful	16.2	4,625,524	3,920,248
		7,002,410	38,506,569
		396,151,682	400,196,530
Less: Provision for doubtful receivables	16.3,16.4	373,202,823	321,676,076
		22,948,859	78,520,454

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

**16.2.** This includes receivable from Trust Management (Pvt) Limited amounting to Rs. 3,920,248/- (2012: Rs. 3,920,248/-)

### 16.3. Movement of provisions for doubtful receivable

Opening balance as at July 01,	321,676,076	208,061,710
Charge for the year	51,957,921	119,125,899
	373,633,997	327,187,609
Reversed during the year	(431,174)	(5,511,533)
Closing balance as at June 30,	373,202,823	321,676,076

**16.4.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

### 17. CASH AND BANK BALANCES

Cash in hand	92,067	457,065
With banks in:		
Current accounts	448,386	512,963
Deposit accounts	5,306,213	9,502,415
	5,754,599	10,015,378
	5,846,666	10,472,443

**17.1.** Deposit accounts carry markup rate ranging from 6.5% to 9.50% per annum (2012: 6.5% to 10.75%).

### 18. SHARE CAPITAL

2013	2012		2013	2012
No. of shares	No. of shares	Authorized	Rupees	Rupees
80,000,000	80,000,000	Ordinary shares of Rs. 10 each	800,000,000	800,000,000
70,000,000	70,000,000	Preference shares of Rs. 10 each	700,000,000	700,000,000
150,000,000	150,000,000		1,500,000,000	1,500,000,000
<b>Issued, subscribed and paid up</b>				
20,142,984	20,142,984	Ordinary shares of Rs. 10 each fully paid-up in cash	201,429,840	201,429,840
38,409,889	38,409,889	Ordinary shares of Rs. 10 each issued as bonus shares	384,098,889	384,098,889
30,650,000	30,650,000	Preference shares of Rs. 10 each issued	306,500,000	306,500,000
89,202,873	89,202,873		892,028,729	892,028,729

**18.1.** Mr. Zahid Rafiq and Genesis (Pvt) Limited, related parties of the Bank held 5,702,405 (9.74%) [ 2012: 5,702,405 (9.74%)] and 122,097,420 (20.85%) [ 2012: 122,097,420 (20.85%)] Ordinary shares of Rs. 10 each respectively, as at June 30,2013.

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

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

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

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

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

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

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

B= Higher of following:

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

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

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

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

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

**18.4. Particulars of Preference Shares**

	<u>2013</u>	<u>2012</u>
	Rupees	Rupees
Saudi Pak Industrial & Agricultural Investment Company	20,000,000	20,000,000
Pak Brunei Investment Company Limited	6,500,000	6,500,000
AMZ Income Fund (KASB Liquid Fund)	-	130,000,000
Trust Capital (Pvt) Limited (TCPL)	<b>130,000,000</b>	-
Bank Alfalah Limited	25,000,000	25,000,000
The Bank of Khyber	75,000,000	75,000,000
Allied Bank Limited	50,000,000	50,000,000
	<u><b>306,500,000</b></u>	<u>306,500,000</u>

# Trust Investment Bank Limited

**18.4.1.** Preference shares of AMZ have been transferred to TCPL by agreement of settlement between AMZ and TCPL. Total liability amounting to Rs. 176.933 Million, including principal and profit, has been adjusted against Pre-IPO TFC's of Rs. 50 million, SUKUK of Rs. 20 million, unlisted shares of Rs. 20 million and lease facilities of Rs. 41.099 million. The ownership rights of Preference shares have not yet been transferred to TCPL.

	Note	2013 Rupees	2012 Rupees
<b>19. RESERVES</b>			
<b>Capital reserves</b>			
Statutory reserve	19.1	240,030,907	240,030,907
		<u>240,030,907</u>	<u>240,030,907</u>
<b>Revenue reserves</b>			
General reserve		61,000,000	61,000,000
Accumulated loss		(2,280,473,627)	(2,154,602,253)
		<u>(2,219,473,627)</u>	<u>(2,093,602,253)</u>
		<u>(1,979,442,720)</u>	<u>(1,853,571,346)</u>
<b>19.1. Statutory Reserve</b>			
Opening balance as at July 01,		240,030,907	240,030,907
Transfer from profit or loss account		-	-
Closing balance as at June 30,		<u>240,030,907</u>	<u>240,030,907</u>

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. No transfer has been made as the company incurred operating loss during the year.

## 20. SURPLUS ON REVALUATION OF FIXED ASSETS-NET

Building	20.1.1	-	862,270
Capital work in progress	20.1.2	18,511,500	18,511,500
	20.1	<u>18,511,500</u>	<u>19,373,770</u>

### 20.1. Particulars of surplus on revaluation of fixed assets

Opening balance as at July 01,		19,373,770	27,676,131
Addition during the year		-	-
Deletion during the year		(829,359)	(8,103,800)
Transferred		(32,911)	(198,561)
Closing balance as at June 30,		<u>18,511,500</u>	<u>19,373,770</u>

**20.1.1.** This represents the surplus arised on revaluation of building carried by Synergisers (Private) Limited and IMTECH (Private) Limited dated June 30, 2008 and June 26, 2008. The revalued amount is based on the market values prevailing at the time of revaluation. Whole of the surplus has been realized during the year.

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

## 21. LONG TERM FINANCING - SUBORDINATED LOAN

Long term financing-subordinated loan	21.1	<u>1,696,282,851</u>	<u>400,646,237</u>
---------------------------------------	------	----------------------	--------------------

### 21.1. Long term financing-Subordinated loan

Opening balance as at July 01,		400,646,237	400,646,237
Addition during the year		1,295,636,614	-
Closing balance as at June 30,	21.2	<u>1,696,282,851</u>	<u>400,646,237</u>

### 21.2. Particulars of subordinated loan

Loan from:			
Directors-Asif Kamal	21.2.1	973,282,851	-
Subsidiary company -Tricon Developers	21.2.2	100,000,000	400,646,237
Muhammad Akram & others	21.2.3	623,000,000	-
		<u>1,696,282,851</u>	<u>400,646,237</u>



- 21.2.1** This represents subordinated loan received from Mr. Asif Kamal, against 67.263 Million shares of Tricon Developers Limited at face value of Rs.10/- per share through agreement dated 8 November 2012 and 30.064 Million shares of Tricon Developers Limited at face value of Rs.10/- per share through Addendum (dated 29 June 2011) to agreement (dated 17 May 2010). The acquisition of shares of Tricon Developers has been duly approved through special resolution in shareholder's extra ordinary general meeting held on September 05, 2012. As per the terms & conditions of the subordinated loan agreements, the Bank shall issue shares amounting to Rs.973,282,851/- to Mr. Asif Kamal after obtaining approval from SECP, upto June 30, 2013. The date has been extended till June 30, 2014 by addendum (dated 30 June 2013) to agreement (dated 17 May 2010).
- 21.2.2** Trust Bank has returned / transferred the land amounting to Rs. 300,646,237/- to M/s Tricon Developers Limited or their nominees simultaneously with the transfer of shares of M/s Tricon Developers at par value of Rs. 10 per share from Mr. Asif Kamal through Addendum (dated 29 June 2011) to agreement (dated 17 May 2010). Trust Bank obligation for the issuance of ordinary shares to Tricon Developers Limited shall be reduced to cash component of subordinated loan only i.e. Rs. 100 Million.
- 21.2.3** Property amounting to Rs. 356 million from Mr. Muhammad Akram and Rs. 267 million from other landlords has been injected as subordinated loan. The company will pay 20% of the agreed price in cash and balance 80% in the form of issuance / transfer of shares at par, in favour of legal owners, subject to approval of SECP. The company has the right to directly transfer these properties in settlement of any of its liabilities without transferring of the title in its own name. In case if the shares are not transferred to the seller within period of six months, the seller shall have right to cancel this agreement. (Refer note 6.3.5).

	Note	2013 Ru pees	2012 Rupees
<b>22. LONG TERM FINANCING - OTHERS</b>			
Banking companies and other financial institutions-Secured	<b>22.1</b>	<b>26,555,333</b>	168,627,292
Banking companies and other financial institutions-Unsecured	<b>22.2</b>	-	-
Term finance certificates (TFC)-Secured	<b>22.3</b>	-	69,965,316
		<b>26,555,333</b>	<b>238,592,608</b>
<b>22.1. Banking companies and other financial institutions-Secured</b>			
The Bank of Punjab	<b>22.1.1</b>	<b>296,077,333</b>	296,077,333
Allied Bank Limited	<b>22.1.2</b>	<b>70,000,005</b>	70,000,005
Pak Oman Investment Company (Pvt.) Limited	<b>22.1.3</b>	<b>5,161,297</b>	5,161,297
The Bank of Khyber	<b>22.1.4</b>	<b>27,777,780</b>	27,777,780
Standard Chartered Bank Limited	<b>22.1.5</b>	<b>49,329,674</b>	49,329,674
Summit Bank Limited (Formerly Atlas Bank Limited)	<b>22.1.6</b>	<b>81,640,625</b>	81,640,625
First Women Bank Limited	<b>22.1.7</b>	<b>64,027,397</b>	64,027,397
CDC Trustee Askari Income Fund	<b>22.1.8</b>	<b>126,250,000</b>	126,250,000
PAK Brunei Investment Company	<b>22.1.9</b>	<b>2,536,941</b>	2,536,941
IGI Investment Bank Limited	<b>22.1.10</b>	<b>67,500,000</b>	67,500,000
The Punjab Provincial Co-operative Bank Limited	<b>22.1.11</b>	<b>88,058,721</b>	88,058,721
		<b>878,359,773</b>	878,359,773
Less: Current portion shown under current liabilities	<b>29</b>	<b>851,804,440</b>	709,732,481
		<b>26,555,333</b>	<b>168,627,292</b>

- 22.1.1.** This represents two facilities of an aggregate amount of Rs. 301.77 million. These facilities are secured against exclusive charge on specific leased assets. Facility of Rs. 279.752 million carries mark-up rate of 9.33% per annum. This facility is repayable in 2 quarterly installments of Rs. 2.5 million, one installment of Rs. 12 Million, Two installments of Rs. 27 million, two Installments of Rs. 40 Million, One Installment of Rs. 33.33 Million, One Installment of Rs. 30.419 Million, One Installment of Rs. 16 Million, Two Installments of Rs. 21 Million and One Installment of Rs. 6.99 Million on Quarterly basis Starting from October 31, 2011 to September 30, 2014. The other facility of Rs. 21.325 Million is a non service able facility and repayable in six quarterly installments starting from June 30, 2013 to September 30, 2014.
- 22.1.2.** This represent an unsecured facility of an amount of Rs. 200 million, out of which Rs. 50 Million is converted into preference shares from May 10, 2010. This facility (200 M) carries mark up rate of 1 Month KIBOR + 200 bps upto July 2009 and 1 Month KIBOR from July 01, 2009 onward and is repayable in 36 equal monthly installments of Rs. 3,333,333/- starting from June 4, 2010 and expiring on May 29, 2013.
- 22.1.3.** This represents facility of Rs.23 million. This facility is secured against first charge on specific loan receivables with a margin of 25%. It carried mark-up rate of 3 month KIBOR + 250 bps per annum and was repayable in twelve equal monthly installments starting from 10 August 2009 and expiring on 10 July 2010. Facility has been restructured on 4 December 2009. Mark-up rate has been changed to 6 month KIBOR + 150 bps per annum and principal is repayable in immediate payment of Rs. 3,000,000 on 4 December 2009 and 31 equal monthly installments starting from 23 December 2009 and expired on 23 June 2012.

# Trust Investment Bank Limited

- 22.1.4.** This represents a facility of Rs. 150 million secured against first charge on specified leased assets and related receivables amounting Rs.75 Million has been converted into preference shares and the while the balance amount of Rs. 75 Million has been converted into term Finance facility which carries mark up @ 1 month KIBOR. This facility is repayable in thirty six equal monthly installments starting from 01 January 2010 and expiring on 01 December 2012.
- 22.1.5.** This represents a facility of Rs. 500 million for the purpose of expansion of lease portfolio. The facility is secured against lease receivables to the extent of Rs. 715 million. It carries mark-up at the rate of 3 month KIBOR + 160 bps. The facility is repayable in twelve equal quarterly installments starting from 31 May 2008 and expired on 28 February 2011.
- 22.1.6.** This represents two facilities of Rs.100 million each. These facilities are secured against first charge on specific/exclusive leased assets and related receivables with 25% margin. These carry mark-up @ 3 month KIBOR + 185 bps per annum with floor of 13.50%. These facilities were repayable in sixteen equal quarterly installments starting from 28 June 2008 and expiring on 28 May 2012. However, these facilities have been rescheduled on 7 January 2010. Outstanding principal of Rs. 68.75 million of Term Finance 1 is repayable in 16 equal quarterly installments starting from 1 February 2010 and expiring on 1 November 2013. While outstanding principal of Rs. 68.75 million of Term Finance 2 is repayable in 16 equal quarterly installments starting from 1 March 2010 and expiring on 1 December 2013.
- 22.1.7.** This represents facility of Rs.88 million which has been rescheduled during the year. This facility is secured against exclusive charge on lease receivables amounting Rs. 10 million and pledge of TFC/Sukuks amounting to Rs. 50 million. It carries mark-up @ 1 month KIBOR per annum. This facility is repayable in twelve monthly installments of Rs.1 million, 12 monthly installments of Rs. 1.5 million, 11 monthly installments of Rs. 2 million and last bullet payment of Rs. 36 million starting from 31 January 2010 and expired on 31 December 2012.
- 22.1.8.** This represents facility of Rs.194 million rescheduled during the year. This facility is secured against exclusive charge and carries @ 1 month KIBOR per annum. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments starting from 31 January 2010 and expired on 1 February 2012.
- 22.1.9.** This represents facility of Rs.10.1 million rescheduled during the year. This facility is secured against first charge on all moveable assets to the extent of sale price. The facility carries mark-up @ 1 month KIBOR per annum. This facility is repayable in 23 equal monthly installments of Rs.420,000 and last installment of Rs.436,941 starting from 8 May 2010 and expired on 8 Apr 2012.
- 22.1.10.** This represents facility of Rs.80 million rescheduled during last year. This facility is secured against ranking charge on current assets equivalent to Rs.115 million with 30% margin. The facility carries mark-up rate of 1 month KIBOR per annum. This facility is repayable in six equal monthly installments of Rs.0.5 million, 12 equal monthly installments of Rs.0.75 million, 6 equal monthly installments of Rs.1 million, 12 equal monthly installments of 1.5 million, 10 equal monthly installments of Rs.1.75 million and 13 equal monthly installments of Rs. 2 million, starting from 15 March 2010 and expiring on 15 Feb 2015.
- 22.1.11.** This represents facility of Rs.284.298 million converted from short term loans to long term loans. This facility is secured against exclusive first charge against Leased assets and related receivables. The facility carries mark-up rate of 1 month KIBOR + 200 bps per annum. This facility is repayable in twenty eight equal monthly installments of Rs.10 million and the balance amount of Rs. 4,298,472 will be paid the last installment, starting from 16 September 2010 and expiring on 15 Feb 2013.Loan amounting to Rs.140M has been swapped with term loan due from Vital enterprises.

	Note	2013 Rupees	2012 Rupees
<b>22.2 Banking companies and other financial institutions-Unsecured</b>			
CDC Trustee KASB Liquid Fund	22.2.1	3,500,000	3,500,000
Dawood Money Market Fund	22.2.2	7,842,873	7,842,873
House Building Finance Corporation	22.2.3	5,909,086	5,909,086
		<u>17,251,959</u>	<u>17,251,959</u>
Less: Current portion shown under current liabilities	29	<u>17,251,959</u>	<u>17,251,959</u>
		<u>-</u>	<u>-</u>

- 22.2.1.** This represents facility of Rs.41 million rescheduled during the year. This facility is unsecured and carries mark-up @ 1 month KIBOR per annum. This facility is repayable in immediate payment of Rs. 5 million, two monthly installments of Rs.5 million, three monthly installments of Rs. 2.5 million, eighteen monthly installments of Rs. 1 million and last installment of Rs. 0.5 million starting from 19 January 2010 and expired on 19 December 2011.
- 22.2.2.** This represents facility of Rs.37.8 million rescheduled during the year. This facility is unsecured and carries mark-up @ 1 month KIBOR per annum. This facility is repayable in twenty five monthly installments of Rs.1.5 million and last installment of Rs. 1.8 million starting from 25 January 2010 and expired on 7 January 2012.
- 22.2.3.** This represents facility of Rs.43.5 million rescheduled during the year. This facility is unsecured and carries mark-up @ 3 month KIBOR + 200 bps per annum at the start of each month. This facility is repayable in immediate payment of Rs.8 million, first installment of Rs. 3 million and 22 equal monthly installments of Rs.1.477 each starting from 15 March 2010 and expired on 15 January 2012.

		<b>2013</b>	<b>2012</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>22.3. Term finance certificates (TFC)-Secured</b>			
TFC III	<b>22.3.1</b>	<b>221,212,730</b>	230,583,980
Less: Unamortized portion of the initial transaction cost		<u>-</u>	<u>1,880,935</u>
		<b>221,212,730</b>	<b>228,703,045</b>
Less: Current portion shown under current liabilities	<b>29</b>	<u><b>221,212,730</b></u>	<u>149,366,479</u>
		<u><u>-</u></u>	<u><u>79,336,566</u></u>

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

The instrument is structured to redeem 0.02% of the principal in two semi-annual installments and the remaining principal in eight semi-annual installments of 12.495% each of the issue amount respectively starting from the 18th month. Each TFC will be redeemed on its due date through the dispatch of a crossed cheque to the registered holders of the TFC.

The profit is payable semi annually at 6 months KIBOR + 185 bps per annum with no floor and no cap. The profit rate is set one day before the start of semi- annual period for which the profit is being paid.

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

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

### **23. LONG TERM MORABAHA**

Long term morabaha	<b>23.1</b>	<b>15,500,000</b>	15,500,000
Less: Current portion shown under current liabilities	<b>29</b>	<u><b>15,500,000</b></u>	<u>15,500,000</u>
		<u><u>-</u></u>	<u><u>-</u></u>

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

### **24. LONG TERM CERTIFICATES OF INVESTMENT**

- Corporate			
Secured	<b>24.2</b>	<b>32,345,202</b>	39,977,207
Unsecured		<b>212,913,669</b>	241,299,177
- Individuals		<u><b>8,700,000</b></u>	<u>12,800,000</u>
	<b>24.1</b>	<u><b>253,958,871</b></u>	<u>294,076,384</u>
Less: Current portion shown under current liabilities	<b>29</b>	<u><b>228,988,669</b></u>	<u>262,863,737</u>
		<u><u><b>24,970,202</b></u></u>	<u><u>31,212,647</u></u>

# Trust Investment Bank Limited

**24.1.** These represent deposits received by the Company as per permission granted by the Securities and Exchange Commission of Pakistan. These certificates are issued for term ranging from over 1 year to 5 years and carries profit ranging from 11.5% to 22.22% (2012: 11.5% to 22.22%) per annum.

**24.2.** Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)

	Note	2013 Rupees	2012 Rupees
<b>25. DEFERED LIABILITIES</b>			
Gratuity	25.1	3,601,840	1,456,752
Leave encashment	25.2	1,439,502	1,478,502
		<u>5,041,342</u>	<u>2,935,254</u>

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

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

	Note	Gratuity		Leave Encashment	
		2013	2012	2013	2012
-----Rupees-----					
<b>25.1. Amount recognized in the balance sheet</b>					
Present value of defined benefit obligat	25.1.1	3,105,936	7,127,738	1,439,502	1,478,502
Less: Fair value of plan assets	25.1.2	-	(2,812,589)	-	-
Less: Actuarial (losses) to be recognized in later periods		-	(4,466,397)	-	-
Add: Benefits due but not paid		495,904	1,608,000	-	-
		<u>3,601,840</u>	<u>1,456,752</u>	<u>1,439,502</u>	<u>1,478,502</u>

### 25.1.1. Movement in the defined benefit obligation:

Present value of defined benefit obligation at beginning of the year	7,127,738	10,307,555	1,478,502	2,850,075
Current service cost for the year	2,725,250	3,786,801	1,159,193	96,983
Interest cost for the year	926,606	1,443,058	-	399,011
Benefits paid / discharged during the year	(7,260,010)	(8,047,000)	(1,198,193)	(1,984,240)
Benefits due, but not paid during the year	(495,904)	(1,608,000)	-	-
Actuarial (gain) / loss on present value of defined benefit obligation	82,256	1,245,324	-	116,673
	<u>3,105,936</u>	<u>7,127,738</u>	<u>1,439,502</u>	<u>1,478,502</u>

### 25.1.2. Movement in the fair value of plan assets:

Fair value of plan assets as at 01 July 2012	2,812,589	2,629,338
Total contributions made in the year	6,055,421	9,923,500
Expected return on plan assets for the year	365,637	368,107
Benefits paid / discharged during the year	(8,868,010)	(9,923,500)
Actuarial loss on assets	(365,637)	(184,856)
	<u>-</u>	<u>2,812,589</u>

	Gratuity		Leave Encashment	
	2013	2012	2013	2012
-----Rupees-----				
<b>25.2. Movement of liability:</b>				
Balance sheet liability as at 01 July	<b>1,456,752</b>	6,364,234	<b>1,478,502</b>	2,850,075
Amount recognized during the year	<b>25.3 8,200,509</b>	5,016,018	<b>1,159,193</b>	612,667
Contribution made during the year	<b>(6,055,421)</b>	(9,923,500)	<b>(1,198,193)</b>	(1,984,240)
	<b>3,601,840</b>	1,456,752	<b>1,439,502</b>	1,478,502

**25.3. Staff service cost expense recognized in the profit & loss account**

Current service cost	<b>2,725,250</b>	3,786,801	<b>1,159,193</b>	96,983
Interest cost	<b>926,606</b>	1,443,058	-	399,011
Expected return on plan assets	<b>(365,637)</b>	(368,107)	-	-
Actuarial (gains) / losses	<b>4,914,290</b>	154,266	-	116,673
	<b>8,200,509</b>	5,016,018	<b>1,159,193</b>	612,667

**25.4. Actual return on the plan assets**

Expected return on the plan assets	<b>365,637</b>	368,107	-	-
Actuarial (loss) on plan assets	<b>(365,637)</b>	(184,856)	-	-
Actual return on the plan assets	-	183,251	-	-

**25.5.** Qualified actuary carried out the valuation as on 30 June 2013 using the Projected Unit Credit Method. Following significant assumptions have been used:

	Gratuity		Leave encashment	
	2013	2012	2013	2012
-----Per annum-----				
Discount rate	<b>10.5%</b>	13%	<b>13%</b>	13%
Expected rate of increase in salary	<b>9.5%</b>	12%	<b>12%</b>	12%
Expected rate of return on plan assets	<b>13%</b>	14%	-	-
Average number of leaves utilized per annum	-	-	<b>8 Days</b>	8 Days
Expected average remaining years until vesting as on 30 June	<b>15 years</b>	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:

	2013	2012	2011	2010	2009
-----Rupees-----					
As at 30 June					
Present value of defined benefit-obligation	<b>3,105,936</b>	7,127,738	10,307,555	11,203,547	7,865,683
Fair value of plan assets	-	2,812,589	2,629,338	2,446,588	2,264,209
Surplus/(Deficit)	<b>3,105,936</b>	(4,315,149)	(7,678,217)	(8,756,959)	(5,601,474)

Fair value of plan assets include certificates of investments, whose fair value is Rs. Nil (2012: Rs. 2.812 million).

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>26. LONG TERM DEPOSITS</b>			
Margin against letters of guarantee		150,997,616	164,252,852
Less: Current portion shown under current liabilities	29	139,396,555	149,667,115
		11,601,061	14,585,737
Deposits against lease arrangements	26.1	407,511,360	511,827,522
Less: Current portion shown under current liabilities	29	357,687,845	482,478,149
		49,823,515	29,349,373
		61,424,576	43,935,110
<b>26.1.</b> These represent interest free security deposits (lease key money) received on lease contracts and are adjustable at the expiry of their respective lease periods.			
<b>27. SHORT TERM BORROWINGS</b>			
Banking companies and other financial institutions:			
Running finances - secured	27.1	39,413,532	39,947,964
<b>27.1.</b> Total limit against running finances amounting to Rs. 40 million (2012: Rs. 120.6 million). This carry mark-up @ 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% per annum (2012: 3 months KIBOR + 300 bps with a floor ranging from 4.5% to 10%) 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.			
<b>28. SHORT TERM CERTIFICATES OF INVESTMENT</b>			
- Financial institutions		12,850,006	16,950,000
- Corporate		1,358,107,680	1,517,413,136
- Individuals		28,398,282	174,630,570
		1,399,355,968	1,708,993,706
<b>28.1.</b> These represent unsecured short term certificates of investment for a period of one months to one year. These carry mark-up rate ranging from 10% to 18.75% (2011: 10% to 18.75%) per annum.			
<b>28.2.</b> TCPL requested for adjustment of COI, amounting to Rs. 10 Million, against short term loan facility of Mr. Mahmood Ahmad, so the transaction was approved by TIBL management. The said adjustment was omitted during the audit of TCPL, however this adjustment would be reflected in half yearly accounts of TCPL to reconcile with TIBL.			
<b>29. CURRENT MATURITIES OF NON CURRENT LIABILITIES</b>			
Long term financing from banking companies & financial institutions			
Secured	22.1	851,804,440	709,732,481
Unsecured	22.2	17,251,959	17,251,959
Term finance certificates-Secured	22.3	221,212,730	149,366,479
Long term morabaha	23	15,500,000	15,500,000
Certificates of investment	24	228,988,669	262,863,737
Long term deposits	26	497,084,400	632,145,264
		1,831,842,198	1,786,859,920
<b>30. MARK-UP ACCRUED</b>			
<b>Secured</b>			
- Short and long term financing		89,375,472	89,375,472
- Term finance certificates		13,434,163	15,093,793
- Certificates of investment	30.1	196,278	333,530
		103,005,913	104,802,795
<b>Unsecured</b>			
- Certificates of investment		140,684,631	156,129,550
		243,690,544	260,932,345





	Note	2013 Rupees	2012 Rupees
<b>31. TRADE AND OTHER PAYABLES</b>			
Advance receipt against finance facilities	31.1	8,064,822	49,458,150
Unclaimed dividend		3,096,984	3,099,758
Preference dividend payable		58,023,278	98,475,716
Accrued liabilities		11,575,105	11,176,860
Other liabilities	31.2, 31.3	114,488,710	110,882,145
		<u>195,248,899</u>	<u>273,092,629</u>

31.1 These represent initial security deposit received against financing facilities.

31.2 These include withholding tax payable Rs.17.529 million (2012: Rs.10.892 million), central excise duty payable Rs.5.020 million (2012: 0.772 million) and Zakat payable Rs. 3,499 (2012: Rs.2,218).

31.3 It also includes Rs. 6.202 Million payable to Tricon Developers Limited (subsidiary company) against transfer of various houses of "Tricon Village". These houses were transferred from Allied Developers on behalf of Tricon Developers Limited.

### 32. CONTINGENCIES AND COMMITMENTS

#### 32.1. Contingencies

(a) The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 1,235.752 Million (2012: Rs. 772.471 million).

(b) The Company has filed recovery suits amount to Rs. 1,654.98 million (2012: Rs. 1,769.15 million). Prima facie the Bank has good arguable cases, the financial impact of the same has been accounted for in these financial statements.

Following litigations are pending against Trust Bank in the court of law:

	Rs. in million
Privatization Commission of Pakistan	270
The bank of Punjab	326
Levi's Strauss Pakistan (Pvt.) Limited	98
Punjab Provincial Co-operative Bank Limited	103
Shifa Co-operative Housing Society	10
Shifa international Hospital	5
Trading Corporation of Pakistan	87.5
House Building Finance Company	6.58
Summit Bank Limited	95.926
IGI Investment Bank Limited	73.002

(c) The delayed payment of income tax withheld and CED may attract additional surcharge and penal action (refer note # 31.2).

(d) The company had not recognised mark-up on financing from banking companies and financial institutions, term finance certificates, preference shares, certificates of investment, long term morabaha and on running finance, due to operational and financial constraints. Had the mark-up been fully recognised, mark-up accrued, loss for the year and negative equity would have been increased by Rs. 371.928 Million.

#### 32.2. Commitments

32.2.1 There exists no commitment as at balance sheet date.

### 33. INCOME FROM LEASE OPERATIONS

Finance lease income		13,831,616	51,580,979
Commitment and other fees		12,932	62,303
Miscellaneous lease income	33.1	4,456,989	66,774,691
		<u>18,301,537</u>	<u>118,417,973</u>

#### 33.1. Miscellaneous lease income

Mark-up on lease advance		-	151,072
Additional mark up on overdue lease rentals		4,456,989	66,623,619
		<u>4,456,989</u>	<u>66,774,691</u>

# Trust Investment Bank Limited

	Note	2013 Rupees	2012 Rupees
<b>34. INCOME FROM INVESTMENTS</b>			
Gain on disposal of "HFT" and "AFS" investments		-	1,671,304
Profit on short term placements		127,599	8,944,612
Profit on long term investments		1,702,673	9,885,369
		<u>1,830,272</u>	<u>20,501,285</u>
<b>35. INCOME FROM TERM LOANS</b>			
<b>Mark- up earned on long term loans</b>			
Employees		221,088	936,561
Customers		11,313,013	25,042,351
		11,534,101	25,978,912
<b>Mark- up earned on short term loans</b>			
Customers		31,566,535	76,041,039
		<u>43,100,636</u>	<u>102,019,951</u>
<b>36. FINANCE COST</b>			
Mark-up on long term financing		-	126,781,867
Mark-up on term finance certificates		-	38,997,094
Amortisation of initial cost		1,880,935	1,880,928
Mark-up on certificates of investment		22,943,500	328,422,766
Mark-up on running finance		-	6,321,154
Bank charges and commission		23,676,390	40,983,203
Brokerage finance cost		1,663,979	4,852,727
Amortization of preference shares cost		1,393,420	1,529,350
		<u>51,558,224</u>	<u>549,769,089</u>
<b>37. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	37.1	62,896,935	74,921,350
Printing and stationery		1,013,914	1,272,257
Vehicle running and maintenance		8,121,039	14,369,385
Postage, telephone and telex		1,210,013	2,443,530
Traveling and conveyance		2,026,800	3,058,727
Boarding and lodging		636,414	716,041
Entertainment		822,198	1,505,343
Advertisement		344,040	673,598
Electricity, gas and water		2,698,046	2,253,849
Newspapers and periodicals		18,396	37,255
Auditors' remuneration	37.2	1,500,000	1,755,080
Fee and subscription		1,027,389	3,423,880
Rent, rates and taxes		4,588,729	14,695,477
Insurance		889,255	1,177,489
Office maintenance		3,395,812	2,218,406
Legal and professional charges		11,268,474	8,622,274
Security charges		528,494	861,036
Staff training		23,490	55,495
Depreciation on property, plant and equipment	6.1	7,845,747	7,000,892
Amortization of intangible assets	6.4	105,864	334,696
Miscellaneous		5,694,685	9,869,422
		<u>116,655,734</u>	<u>151,265,482</u>

**37.1.** It includes provision for gratuity and compensated leave absences amounting to Rs. 8.200 million and Rs. 1.159 million respectively (2012: Rs.5.016 million and Rs. 0.613 million respectively).





	Note	2013 Rupees	2012 Rupees
<b>37.2. Auditors' remuneration</b>			
Audit fee:			
Annual		800,000	800,000
Half yearly review		350,000	300,000
Certification		-	40,000
Out of pocket expenses		350,000	335,000
		<u>1,500,000</u>	<u>1,475,000</u>
<b>38. OTHER OPERATING INCOME / (LOSS)</b>			
(Loss)/ gain on disposal of fixed assets		(699,011)	173,711
Commission income		16,052,738	8,919,298
Profit on bank deposits		324,606	1,172,954
Profit on settlement	38.1	45,834,298	-
Miscellaneous (loss)/gain	38.2	(1,132,999)	1,328,064
		<u>60,379,632</u>	<u>11,594,027</u>
<b>38.1.</b>	This represents profit on settlement of preference shares by an agreement between AMZ and TCPL (Refer note 18.4.1)		
<b>38.2.</b>	This head contains income on bouncing of cheques of lessees, ware house charges recovered from lessees and adjustment of leases against COIs.		
<b>39. OTHER OPERATING EXPENSES</b>			
These represent lease receivables written off during the year.			
<b>40. PROVISION AGAINST LEASE AND TERM LOAN</b>			
Provision for potential lease losses		46,564,883	17,253,179
Provision for loans and advances		2,233,903	393,684,344
Provision for other receivable	40.1	51,526,747	116,826,871
Provision against financing against shares		-	2,988,987
		<u>100,325,533</u>	<u>530,753,381</u>
<b>40.1.</b>	Prior year figures have been reclassified for better presentation (Ref: Note # 52.3)		
<b>41. IMPAIRMENT IN THE VALUE OF INVESTMENT</b>			
Reversal of impairment in the value of investment		(66,478,000)	-
		<u>(66,478,000)</u>	<u>-</u>
<b>42. PROVISION FOR TAXATION</b>			
- Current tax			
For the year	42.1	398,049	2,028,795
		<u>398,049</u>	<u>2,028,795</u>
<b>42.1.</b>	The reconciliation of tax expense and product of accounting profit of corresponding year multiplied by the applicable tax rate cannot be made in view of minimum taxation and final tax on dividend income.		
<b>43. LOSS PER SHARE</b>			
Loss for the year after taxation	Rupees	<u>(126,733,644)</u>	<u>(1,066,230,731)</u>
Weighted average number of ordinary shares	Numbers	<u>58,552,872</u>	<u>58,552,872</u>
Loss per share - basic	Rupees	<u>(2.16)</u>	<u>(18.21)</u>

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

**44. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE AND DIRECTORS**

	<u>Chief Executive</u>		<u>Directors</u>		<u>Executives</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
-----Rupees-----						
Managerial remuneration	<b>5,133,653</b>	8,694,870	-	-	<b>5,243,427</b>	8,027,365
Housing and utilities	<b>2,308,154</b>	4,785,549	-	-	<b>2,357,510</b>	4,418,161
Bonus	-	-	-	-	-	-
Medical	<b>118,191</b>	38,000	-	-	<b>177,955</b>	398,526
Others	<b>517,345</b>	883,250	-	-	<b>528,407</b>	1,123,884
Gratuity	<b>750,000</b>	2,104,552	-	-	<b>2,887,000</b>	6,731,389
Directorship Fee	-	-	<b>315,000</b>	1,700,000	-	-
	<b><u>8,827,343</u></b>	<u>16,506,221</u>	<b><u>315,000</u></b>	<u>1,700,000</u>	<b><u>11,194,299</u></b>	<u>20,699,325</u>
<b>Number of persons</b>	<b><u>2</u></b>	<u>1</u>	<b><u>4</u></b>	<u>7</u>	<b><u>11</u></b>	<u>8</u>

**44.1.** Fee was paid to directors for attending the board meetings amount to Rs. 315,000/- (2012: Rs.1,700,000/- ).

**45. MATURITIES OF ASSETS AND LIABILITIES**

	<b>2013</b>			
	<b>Total</b>	<b>Upto one year</b>	<b>Over one to five years</b>	<b>Over five years</b>
<b>Financial assets:</b>	.....Rupees.....			
Net investment in lease finance	1,208,932,641	1,208,932,641	-	-
Long term loans and advances	447,051,626	438,656,293	8,395,333	-
Long term investments	201,150,300	31,335,750	169,814,550	-
Short term loans and advances	109,038,553	109,038,553	-	-
Short term placements	4,858,663	4,858,663	-	-
Short term investments	1,103,131,980	1,103,131,980	-	-
Markup accrued	203,091,749	203,091,749	-	-
Other receivables	22,948,859	22,948,859	-	-
Cash and bank balances	5,846,666	5,846,666	-	-
	<b><u>3,306,051,037</u></b>	<b><u>3,127,841,154</u></b>	<b><u>178,209,883</u></b>	<u>-</u>
<b>Financial liabilities</b>				
Long term certificates of investments	253,958,871	228,988,669	24,970,202	-
Long term financing	2,574,642,624	851,804,440	1,722,838,184	-
Short term certificates of investments	1,399,355,968	1,399,355,968	-	-
Short term borrowings	39,413,532	39,413,532	-	-
Mark-up accrued	243,690,544	243,690,544	-	-
Trade and other payables	195,248,899	195,248,899	-	-
	<b><u>4,706,310,438</u></b>	<b><u>2,958,502,052</u></b>	<b><u>1,747,808,386</u></b>	<u>-</u>
<b>Net Balance</b>	<b><u>(1,400,259,401)</u></b>	<b><u>169,339,102</u></b>	<b><u>(1,569,598,503)</u></b>	<u>-</u>
<b>Shareholders' equity</b>	<b><u>(1,087,413,991)</u></b>			

	2012			
	Total	Upto one year	Over one to five years	Over five years
<b>Financial assets:</b>	.....Rupees.....			
Net investment in lease finance	1,632,688,325	1,503,757,405	128,930,920	-
Long term loans and advances	61,646,177	39,533,250	(96,041,240)	118,154,167
Long term investments	117,231,654	15,468,750	101,762,904	-
Short term loans and advances	258,579,111	258,579,111	-	-
Short term placements	35,000,000	35,000,000	-	-
Markup accrued	230,501,454	230,501,454	-	-
Other receivables	58,293,467	58,293,467	-	-
Cash and bank balances	10,352,204	10,352,204	-	-
	<b>2,404,292,392</b>	<b>2,151,485,641</b>	<b>134,652,584</b>	<b>118,154,167</b>
<b>Financial liabilities</b>				
Long term certificates of investments	294,076,384	262,863,737	31,212,647	-
Long term financing	1,540,461,014	898,098,419	642,362,595	-
Short term certificates of investments	1,718,993,706	1,718,993,706	-	-
Short term borrowings	39,947,964	39,947,964	-	-
Mark-up accrued	263,939,944	263,939,944	-	-
Trade and other payables	254,582,594	254,582,594	-	-
	<b>4,112,001,606</b>	<b>3,438,426,364</b>	<b>673,575,242</b>	<b>-</b>
<b>Net Balance</b>	<b>(1,707,709,214)</b>	<b>(1,286,940,723)</b>	<b>(538,922,658)</b>	<b>118,154,167</b>
<b>Shareholders' equity</b>	<b>(961,542,617)</b>			

## 45.1. FINANCIAL RISK MANAGEMENT

### 45.1.1. Financial risk factors

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

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

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial  
The bank is not exposed to currency risk arising from currency exposure as it is not involved in foreign

##### (ii) Equity price risk

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

# Trust Investment Bank Limited

Reporting date all index points	2013		2012	
	21005		13801	
	Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity	
Held-for-trading investments		(Rupees)		
	+10%	-	-	
2013	-10%	-	-	
	+10%	-	-	
2012	-10%	-	-	

### (iii) Profit rate risk

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

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

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

	2013 Rupees	2012 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	5,306,213	9,502,415
Short term placements	4,858,663	35,000,000
Short term loans and advances	109,038,553	258,579,111
Long term investments	201,150,300	117,231,654
Lease rental receivables	1,208,932,641	1,632,688,325
Long term loans and advances	447,051,626	93,125,239

### Fair value sensitivity analysis for fixed rate instruments

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

### (b) Credit risk

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

Bank balances	5,846,666	10,352,204
Short term placements	4,858,663	35,000,000
Short term investments	1,103,131,980	-
Short term loans and advances-net	109,038,553	258,579,111
Markup accrued	203,091,749	230,501,454
Other receivables	22,948,859	58,293,467
Long term investments	201,150,300	117,231,654
Lease rental receivables	1,208,932,641	1,632,688,325
Long term loans and advances	447,051,626	93,125,239
	<u>3,306,051,037</u>	<u>2,435,771,454</u>

Geographically all credit exposure is concentrated in Pakistan.

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

Chemical & fertilizer	12,031,759	15,046,000
Construction / Real Estate	137,936,646	172,493,048
Financial institutions / Insurance Companies	335,982,046	420,153,520
Health care	30,158,368	37,713,755
Hotels	11,112,384	13,896,300
Individuals / auto lease	996,008,407	1,245,532,144
Miscellaneous manufacturing	298,932,795	373,822,553
Miscellaneous services	191,342,445	239,278,267
Natural gas & LPG	53,740,950	67,204,333
Paper & board	11,115,343	13,900,000
Steel & engineering	18,673,776	23,352,000
Sugar & allied	31,446,405	39,324,475
Textile composite	29,846,508	37,323,766
Textile knitwear / apparel	155,518,841	194,480,000
Textile spinning	20,381,908	25,488,060
Transport & communication	331,297,751	414,295,698
	<u>2,665,526,332</u>	<u>3,333,303,919</u>



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

**Overdue term loans and lease rental receivables**

Past due 0 - 180 days	94,400,828	130,267,256
Past due 181 - 365 days	37,925,799	97,062,419
1 - 2 years	96,719,428	426,536,269
More than 2 years	763,469,126	1,095,250,338
	<b>992,515,181</b>	<b>1,749,116,282</b>

**Provision on term loans and lease rental receivables**

Past due 0 - 180 days	-	-
Past due 181 - 365 days	-	-
1 - 2 years	156,024,491	79,255,478
More than 2 years	581,115,946	295,188,413
	<b>737,140,437</b>	<b>374,443,891</b>

**Collaterals held against term financing and lease rentals receivables**

	2013				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid-collaterals	
	----- Rupees -----				
Long term finances	-	183,732,000	214,000	37,500,000	(221,446,000)
Short term finances	109,038,553	219,130,000	-	139,820,000	(249,911,447)
Lease rental receivables	1,734,292,842	3,286,255,786	-	-	(1,551,962,944)

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

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

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

Banks	Rating		2013	2012
	Long term	Agency	(Rupees)	
Summit Bank Limited	A-	JCR	10,169	12,558
The Bank of Punjab	AA-	PACRA	-	69
Habib Bank Limited	AAA	JCR	188,084	333,906
Habib Metropolitan Bank	AA+	PACRA	45,115	45,463
MCB Bank Limited	AAA	PACRA	213,101	621,853
NIB Bank Limited	AA-	PACRA	1,367,557	3,222,122
Standard Chartered Bank	AAA	PACRA	5,517	5,398
State Bank of Pakistan			826	826
Burj Bank Limited	A	JCR	3,700,514	5,638,931
KASB Bank Limited	BBB	PACRA	13,839	12,988
Bank Al Habib Limited	AA+	PACRA	4,864	-
JS Bank Limited	A+	PACRA	821	1,025
			<b>5,550,407</b>	<b>9,895,139</b>

Sukuks / Bonds	Rating		2013	2012
	Long term	Agency	(Rupees)	
Eden Housing Limited-Sukuk			53,109,800	31,406,250
			<b>53,109,800</b>	<b>31,406,250</b>
<b>Term finance certificates</b>				
Azgard Nine Limited	D	PACRA	-	39,968,000
			<b>-</b>	<b>39,968,000</b>

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

# Trust Investment Bank Limited

## (c) Liquidity risk

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

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

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

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- Rupees -----					
<b>30 June 2013</b>					
Customers' security deposits	407,511,360	-	357,687,845	49,823,515	-
Trade and other payables	195,248,899	-	195,248,899	-	-
	<u>602,760,259</u>		<u>552,936,744</u>	<u>49,823,515</u>	<u>-</u>
<b>30 June 2012</b>					
Customers' security deposits	511,827,522	-	482,478,149	29,349,373	-
Trade and other payables	254,582,594	-	254,582,594	-	-
	<u>766,410,116</u>		<u>737,060,743</u>	<u>29,349,373</u>	<u>-</u>

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

## 45.2. Fair values of financial assets and liabilities

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

## 45.3. Financial instruments by categories

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit or loss	Total
----- (Rupees) -----						
<b>As at 30 June 2013</b>						
<b>Assets as per balance sheet</b>						
Cash and bank balances	5,846,666	-	-	-	-	5,846,666
Short term placements	-	4,858,663	-	-	-	4,858,663
Short term loans and advances	-	109,038,553	-	-	-	109,038,553
Short term investments	-	-	-	-	-	-
Markup accrued	-	203,091,749	-	-	-	203,091,749
Other receivables	-	22,948,859	-	-	-	22,948,859
Long term investments	-	-	-	201,150,300	-	201,150,300
Lease rental receivables	-	1,208,932,641	-	-	-	1,208,932,641
Long term loans and advances	-	447,051,626	-	-	-	447,051,626
	<u>5,846,666</u>	<u>1,995,922,091</u>	<u>-</u>	<u>201,150,300</u>	<u>-</u>	<u>2,202,919,057</u>

### Financial liabilities at amortized cost

(Rupees)

## Liabilities as per balance sheet

Customers' security deposits	407,511,360
Long term financing-subordinated loan	1,696,282,851
Long term financing-preference shares	306,500,000
Long term financing-others	1,116,824,462
Long term morabaha	15,500,000
Long term certificates of investment	253,958,871
Short term borrowings	39,413,532
Short term certificates of investment	1,399,355,968
Trade & other payables	195,248,899
	<u>5,430,595,943</u>

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

<b>Financial liabilities at amortized cost</b>	
	(Rupees)
Customers' security deposits	511,827,522
Long term financing-subordinated loan	400,646,237
Long term financing-preference shares	306,500,000
Long term financing-others	1,124,314,777
Long term morabaha	15,500,000
Long term certificates of investment	294,076,384
Short term borrowings	39,947,964
Short term certificates of investment	1,718,993,706
Trade and other payables	<u>254,582,594</u>
	<u>4,666,389,184</u>

#### Liabilities as per balance sheet

Customers' security deposits	511,827,522
Long term financing-subordinated loan	400,646,237
Long term financing-preference shares	306,500,000
Long term financing-others	1,124,314,777
Long term morabaha	15,500,000
Long term certificates of investment	294,076,384
Short term borrowings	39,947,964
Short term certificates of investment	1,718,993,706
Trade and other payables	<u>254,582,594</u>
	<u>4,666,389,184</u>

#### 45.4. Capital risk management

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

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

46. CASH AND EQUIVALENTS	2013 Rupees	2012 Rupees
Cash and bank balances	5,846,666	10,472,443
Short term running finance	(39,413,532)	(39,947,964)
	<u>(33,566,866)</u>	<u>(29,475,521)</u>

# Trust Investment Bank Limited

## 47. TRANSACTIONS WITH RELATED PARTIES

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

	2013 Rupees	2012 Rupees
<b>Mr. Asif Kamal</b>		
Share capital as on June 30	71,065,510	71,065,510
Subordinate Loan	1,093,005,480	
<b>Mr. Zahid Rafiq</b>		
Share capital as on June 30	57,024,050	57,024,050
<b>Genesis Securities (Pvt) Limited.</b>		
Share capital as on June 30	122,097,420	122,097,420
<b>Associated undertakings:</b>		
<b>Polygon Developers</b>		
Finance income charged during the period	-	3,139,509
<b>Habib Rafiq (Pvt) Limited</b>		
Letter of Guarantees issued during the year	335,720,521	164,680,696
Letter of Guarantees outstanding as at June 30	429,100,583	373,308,256
Income charged during the year	6,363,561	5,144,042
<b>Maple Leaf Cement Factory Limited</b>		
Letter of Guarantees outstanding as at June 30	40,000,000	40,000,000
Income charged during the year	299,182	471,929
<b>The Bank of Khyber</b>		
Amount outstanding against borrowing as at June 30	-	27,777,780
Markup charged during period	-	3,708,773
<b>Others</b>		
<b>Employees' retirement fund</b>		
Contribution made	10,066,203	10,031,240
<b>Subsidiary Company</b>		
<b>Tricon Developers Limited</b>		
Amount due against leases	134,376	1,221,876
Finance income charged during the period	3,306	145,518
Deposit against lease arrangements	189,000	279,500
Long term financing - subordinated loan as on June 30	100,000,000	400,646,237
<b>Trust Capital (Private) Limited</b>		
Loan (Recovered) / paid during the period	(4,514,000)	-
Outstanding loans and advances as at June 30	176,256,664	31,429,319



#### 48. SEGMENT ANALYSIS

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

##### Financing activities

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

##### Investment activities

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

	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operation:	18,301,537	-	18,301,537
Income from investment	-	1,830,272	1,830,272
Income from term loan:	43,100,636	-	43,100,636
<b>Total income for reportable segments</b>	<b>61,402,173</b>	<b>1,830,272</b>	<b>63,232,445</b>
Finance cost	24,824,435	26,733,789	51,558,224
Administrative and operating expense	113,582,492	3,073,242	116,655,734
Lease receivables written off	48,408,255	-	48,408,255
Provision for potential lease losses and term finance	100,325,533	-	100,325,533
Impairment on available for sale investmen	-	(66,478,000)	(66,478,000)
Other income	(1,132,999)	61,512,631	60,379,632
<b>Segment result</b>	<b>(224,605,543)</b>	<b>(23,011,390)</b>	<b>(126,857,669)</b>
<b>Profit before taxation</b>			<b>(120,953,735)</b>
	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Segment assets	1,843,331,395	87,541,843	1,930,873,238
Unallocated assets			2,524,049,716
			<b>4,454,922,954</b>
Segment liabilities	2,852,520,845	1,440,401,170	4,292,922,015
Unallocated liabilities			1,249,414,930
			<b>5,542,336,945</b>
	-----2012-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operation:	118,417,973	-	118,417,973
Income from investment	-	20,501,285	20,501,285
Income from finances / loan	102,019,951	-	102,019,951
<b>Total income for reportable segments</b>	<b>220,437,924</b>	<b>20,501,285</b>	<b>240,939,209</b>
Finance cost	496,082,655	53,686,434	549,769,089
Administrative and operating expense	143,341,045	7,924,437	151,265,482
Lease receivables written off	39,516,924	-	39,516,924
Provision for potential lease losses and term finance	530,753,381	-	530,753,381
Impairment on available for sale investmen	-	-	-
Other income	(1,328,064)	(10,265,963)	(11,594,027)
<b>Segment result</b>	<b>(987,928,017)</b>	<b>(30,843,623)</b>	<b>(1,018,771,640)</b>
<b>Loss before taxation</b>			<b>(1,018,345,087)</b>

# Trust Investment Bank Limited

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

## 49. UNADJUSTING POST BALANCE SHEET EVENTS

The bank has by way of a special resolution passed at the extra ordinary general meeting under section 208 of the Companies Ordinance, 1984 held on September 21, 2013 decided to Convert its Preference Shares obligations amounting to Rs. 306.50 million into ordinary shares.

The purpose of the transaction is to strengthen the equity of the bank and as a result the bank. The Approval of this transaction is in process with the SECP.

## 50. EXPOSURE EXCEEDING 20% OF EQUITY

Below is the outstanding exposure exceeding 20% of equity

	Amount ( in Rupees)
Awan Business concern	134,964,603/-
Ali Pervaiz and Associates	393,125,286/-

## 51. DATE OF AUTHORIZATION

These financial statements were authorized for issue on November 07, 2013 by the Board of Director

## 52. GENERAL

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

52.2. Nomenclature of following accounts has been changed during the year

<u>Previous nomenclature</u>	<u>Current nomenclature</u>
Property and equipment	Property, plant and equipment
Investment in Term Finance Certificates and Bonds/Sukuks-unquoted	Investment in Term Finance Certificates and Sukuks
Long term investments-Provision against doubtful investments	Long term investments-Impairment in the value of investments
Short term placements-Placement against Property	Short term placements-Placement with First Fidelity Leasing Modarba
Interest accrued-Balance sheet line item	Markup accrued- Balance sheet line item
Markup accrued - Bonds and term finance certificates	Markup accrued - Term finance certificates and Sukuks
Long term certificates of investment-unsecured	Long term certificates of investment
Current maturities of long term liabilities	Current maturities of non current liabilities
Advance receipt against leases	Advance receipt against finance facilities
Income from term finances	Income from term loans
Provision/Impairment in the value of investment	Impairment in the value of investment

**52.3.** Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation:

<b>Account Head</b>	<b>Previous Classification</b>	<b>Current Classification</b>	<b>Rupees</b>
Long term loans	Long term loans and advances-Secured-Related parties-considered good	Other receivables - Other receivables - Considered good	31,479,062/-
Account receivable charges wrongly booked in advances from parties	Short term loans and advances-Advances to parties	Other receivables - Other receivables - Considered good	17,014,481/-
Markup Accrued	Markup accrued- Short term and long term loans-considered good	Markup accrued-Short term placements- Considered doubtful	3,212,505/-
Markup Accrued	Markup accrued- Short term and long term loans-considered	Markup accrued - Short term placements - Considered doubtful	393,666/-
Suspension against doubtful placements	Other receivables-short term-Provision for doubtful receivable	Markup accrued-short term placements- Suspension against doubtful placements	3,212,505/-
Suspension against doubtful receivables	Markup accrued- Short term and long term loans-Suspension against doubtful loans	Markup accrued-Short term placements- Suspension against doubtful placements	393,666/-
Current portion of margin against letters of guarantee	Long term deposits-Margin against letters of guarantee	Long term deposits-Margin against letters of guarantee-Current portion shown under current liabilities	149,667,115/-
Long term certificate of investment	Long term certificates of investment-Local currency-Corporate-	Long term certificates of investment- Corporate-Secured	39,977,207/-
Markup Accrued	Markup Accrued- Unsecured-Certificate of investments	Markup Accrued-Secured-Certificate of investments	333,530/-

### **53. Event after balance sheet date**

The bank has by way of special resolution passed at the extra ordinary general meeting under section 208 of the Companies Ordinance , 1984 held on September 21, 2013 decided to convert its preference shares amounting to Rs. 306.50 million in ordinary shares. The approval of this transaction is in process with SECP.

**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 29th day of November, 2013 at 11:00 a.m. at Hotel Sunfort, 72-D/1, Commercial Zone, Liberty  
Market, Gulberg-III, Lahore.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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

For CDC Account Holders / Corporate Entities.

In addition to the above, the following requirements have to be met.

- i. The proxy form shall be witnessed by two persons whose name, address and Computerized National Identity Card (CNIC) number shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be provided with the proxy form.
- iii. The proxy shall produce his original CNIC or Passport at the time of attending the meeting.
- iv. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Bank.

AFFIX  
CORRECT  
POSTAGE

**Head Office:**

6th Floor, M.M. Tower, 28-A/K, Gulberg II, Lahore, Pakistan.

**Tel:** +92-42-3581 7601-5

**Fax:** + 92-42-3581 7600

**Email:** [info@trustbank.com.pk](mailto:info@trustbank.com.pk)

**Website:** [www.trustbank.com.pk](http://www.trustbank.com.pk)



**Head Office:**

6th Floor, M.M. Tower, 28-A/K, Gulberg II, Lahore, Pakistan.

**Tel:** +92-42-3581 7601-5 **Fax:** +92-42-3581 7600

**Email:** [info@trustbank.com.pk](mailto:info@trustbank.com.pk) **Website:** [www.trustbank.com.pk](http://www.trustbank.com.pk)