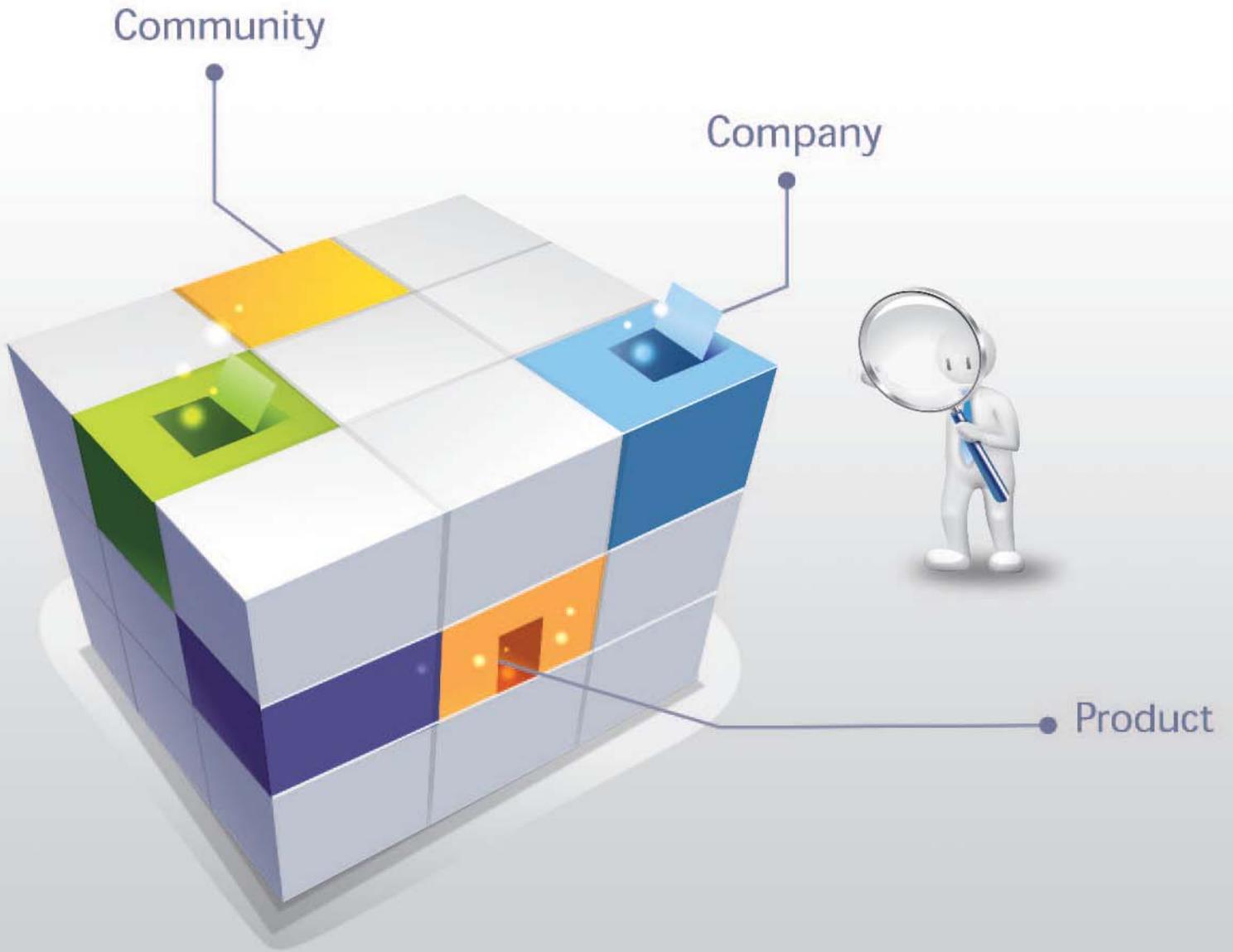


# ANNUAL REPORT 2014



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
14	Six Years Financial Summary
15	Pattern of Shareholding
16	Categories of Shareholders
17	Financial Statements
18	Statement of Compliance with Code of Corporate Governance
20	Review Report to the Members
21	Auditors' Report to the Members
23	Balance Sheet
24	Profit and Loss Account
25	Cash Flow Statement
27	Statement of Comprehensive Income
28	Statement of Changes in Equity
29	Notes to the Financial Statements
69	Consolidated Financial Statements
70	Auditors' Report to the Members
72	Consolidated Balance Sheet
73	Consolidated Profit and Loss Account
74	Consolidated Cash Flow Statement
76	Consolidated Statement of Comprehensive Income
77	Consolidated Statement of Changes in Equity
78	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.



# Company Information

## Board of Directors

Mr. Asif Kamal	Director
Mr. Tariq Husain	Director
Syed Sajjad Hussain Rizvi	Director
Mr. Mamoon-ur-Rashid Qureishi	Director
Mr. Abdul Shakeel	Director
Mr. Asad Ali Kazmie	Director
Mr. Ahsan Rafique	Director / Chief Executive Officer

## Audit Committee

Syed Sajjad Hussain Rizvi	Chairman
Mr. Abdul Shakeel	Member
Mr. Mamoon-ur-Rashid Qureishi	Member

## Company Secretary

Ms. Zahra Khalid

## Chief Financial Officer

Mr. Muhammad Javed Iqbal

## 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: 042-3628396-97 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**  
22-A, Main Vehari Road,  
Near Coca Cola Factory,  
Multan.
- 3. Islamabad Branch**  
Suit No.306, 3rd Floor, ISE Tower,  
Jinnah Avenue, Blue Area,  
Islamabad.  
Tel: 051-2894562  
Fax: 051-2894561
- 4. Karachi Branch**  
Office No.749, 7th Floor,  
Executive Towers,  
Dolman Mall, Clifton,  
Karachi.  
Tel: 021-3582 6129

## Notice of Annual General Meeting

Notice is hereby given that 23rd Annual General Meeting of Trust Investment Bank Limited will be held on Friday, October 31, 2014 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 14th Extra Ordinary General Meeting held on August 12, 2014.
- ii) To receive, consider and adopt the audited accounts of the Bank for the year ended June 30, 2014 together with Directors' and Auditors' Report thereon.
- iii) To appoint the Auditors of the Bank for the year ending June 30, 2015 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.  
October 10, 2014

Zahra Khalid  
(Company Secretary)

### Notes:

- 1) The share transfer books of the Bank will remain closed from October 24, 2014 to October 31, 2014 (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 23rd annual report of the Trust Investment Bank Limited for the year ended June 30, 2014.

## Economic Review

Decades of internal political disputes and low levels of foreign investment have led to slow growth and underdevelopment in Pakistan. Agriculture accounts for more than one-fifth of output and two-fifths of employment. Textiles account for most of Pakistan's export earnings, and Pakistan's failure to expand a viable export base for other manufactures has left the country vulnerable to shifts in world demand. Official unemployment was 6.6% in 2013, but this fails to capture the true picture, because much of the economy is informal and underemployment remains high. Over the past few years, low growth and high inflation, led by a spurt in food prices, have increased the amount of poverty. As a result of political and economic instability, the Pakistani rupee has depreciated more than 40% since 2007. The government agreed to an International Monetary Fund Standby Arrangement in November 2008 in response to a balance of payments crisis. Although the economy has stabilized since the crisis, it has failed to recover. Foreign investment has not returned, due to investor concerns related to governance, energy, security, and a slow-down in the global economy. Remittances from overseas workers, averaging about \$1 billion a month since March 2011, remain a bright spot for Pakistan. However, after a small current account surplus in fiscal year 2011 (July 2010/June 2011), Pakistan's current account turned to deficit in the following two years, spurred by higher prices for imported oil and lower prices for exported cotton. Pakistan remains stuck in a low-income, low-growth trap, with growth averaging about 3.5% per year from 2008 to 2013. Pakistan must address long standing issues related to government revenues and energy production in order to spur the amount of economic growth that will be necessary to employ its growing and rapidly urbanizing population, more than half of which is under 22. Other long term challenges include expanding investment in education and healthcare, adapting to the effects of climate change and natural disasters, and reducing dependence on foreign donors.

## Financial Results

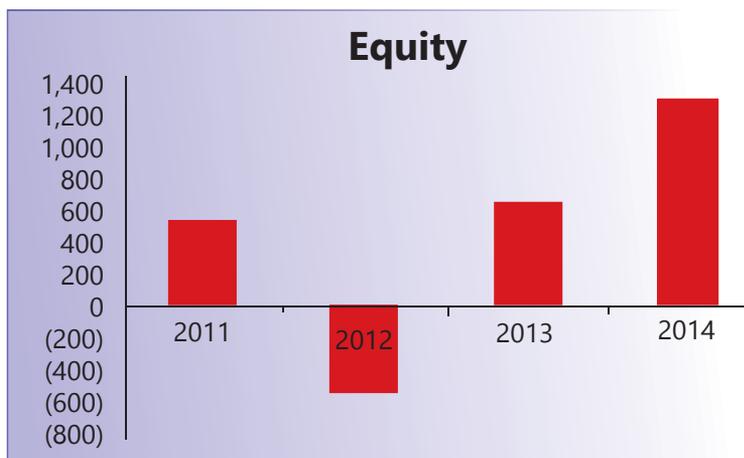
The financial results for the year ended June 30, 2014 in comparison with June 30, 2013 are as follows:

	<b>June 30, 2014</b>	<b>June 30, 2013</b>
	(Rupees in millions)	
Revenue	116	63
Operating Expenses	78	106
Financial Expenses	13	50
Profit/ (loss) before provision & taxation	97	(81)
Provision (Reversal of Provision)	92	68
Profit/ (loss) after provision & taxation	4	(149)
Earnings/ (loss) per Share (Rs.)	0.07	(2.56)

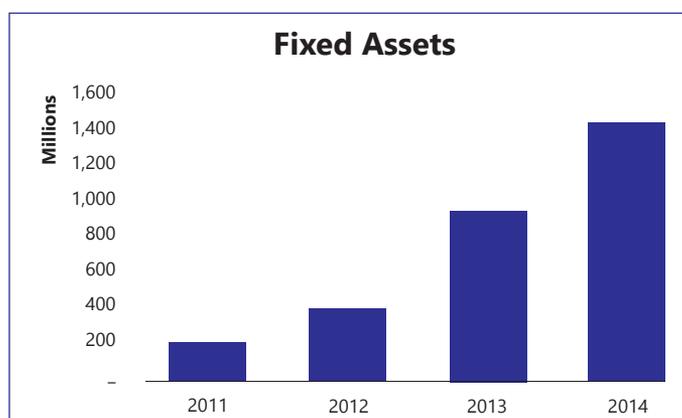
## Financial Highlights

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

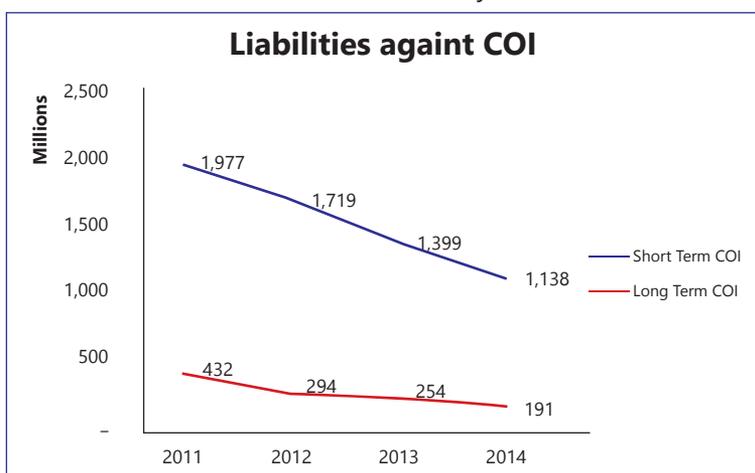
During the year bank has succeeded substantial growth in equity. As per NBFC regulations, bank is equity complied. The equity of the company has been boosted from Rs. 595 million to Rs. 1,259 million. The sponsor directors of the bank have injected the valuable properties to strengthen the equity.



Further we have achieved considerable growth of 52% in our Fixed Assets. These assets would be utilized in generating revenues and settlement of liabilities of the bank.



During the year management has focused on repayment of Certificates of Investments. The liabilities against COI's have been declined from Rs. 1,653 million in year 2013 to Rs. 1,329 million in years 2014.



## Revenues and Expenditure

In year 2014, we are able to strive out the bank from continues phase of losses incurred over the previous years. TIBL is able to generate a marginal net profit of Rs. 3.9 million. Bank has significantly focused on curtailment of its operating expenses. The operating expenses have been declined by 27% over the year 2013. 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 Investment Bank have no exception to this. During the period under review the Bank recorded provision against lease and term loan amounting to Rs. 91.8 million which adversely affected the profitability 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 especially to financial institutions.

## Future Outlook

The Bank has been under a lot of stress due to the pressure on the entire sector in the country as historically and as in general practice in the industry similar financial institutions as the Bank are dependent on availability of credit facilities on soft terms from major commercial financial institutions which due to the growing stress on the economy is difficult and hence Trust Investment Bank – especially the sponsoring shareholders - have developed a robust support plan, also duly endorsed by the Board, which will help the Bank to consolidate and grow during this difficult period.

This includes expansion and consolidation of the Bank's position through some "out of the box thinking" and introducing a mix of unusual and innovative financial strategies and backed by some traditional and solid structured transactional approach keeping in view the intrinsic values through in depth analysis of the transactions to be undertaken at each and every stage of their execution.

The Bank intends to achieve this through:

### Traditional Approach

The 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 – funded 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. And we at the Bank are very optimistic that with now the sources and expertise available we will be able to raise funds through local deposits by offering them higher rates of profit and these funds will be in turn to utilized to give the bank a firm standing and the opportunity to enter into markets which have traditionally not been tapped into by institutions from this region.

### Non-Traditional Approach

In this day and age where recession has shaken the very foundation of all major financial institutions in the financial world and the prudent principals governing them there is an absolute need to take up an innovative and unusual approach fuelled by some "out of the box thinking" and "financial tailoring and tinkering" to mix up the different approaches and principals to ensure the financial life, stability and growth of an entity so as to make sure that the Bank survives this race of the survival of the fittest. This we intend to by making use of all the expertise on hand in order to raise the finance for our own liquidity and for our clients through structuring and leveraging of financial instruments hence not only growing but also strengthening and enhancing the position of the Bank.

And by using the above approach the aims of the Bank can be achieved:

## Growth & Expansion

- a) Raising liquidity through the above non-traditional methods to give stability
- b) Using the funds raised through both the approaches to increase the spectrum on investment of the bank by investing into low risk and high yield projects both in Pakistan and abroad and especially in regions where the western institutions have a disadvantage due to lack of local knowledge and hence have labeled most of these areas as high risk – this we can overtake due to having ground knowledge and contacts who work in the industry and are very well connected and sincerely want to help grow their respective economies financially and socially – a vision shared by us at the Bank and hence willing to have partnerships with these locals in order to keep watch and safe guard the interests of the Bank while growing.
- c) To acquire and or establish financial institutions both locally and abroad in order to ensure that b) above is effectively and efficiently implemented and that the investments made are properly governed and the funds generated from the investors and our approaches are nurtured properly to yield best possible results.
- d) Increase the consultancy base – the bank has in existence a strong team of consultants both in house and outsourced in order to cater for all kind of financial consultancy for its clients – but now want to extend that to providing solutions of structured finance and by tailoring the various financial resources available to suit the clients requirements
- e) Increase the brokerage, asset and fund management base – as it is the Bank has ties with the top brokers of both the securities and commodities in the country who help place the investments of the bank in assured deals ensuring that the investments made not only yield a higher rate of profit but also ensure that the investment so made is secured – the bank now wants to increase this horizon of investment into securities and commodities outside of Pakistan and also with the expertise now available to it to utilize these to get into brokerage and management of international securities and instruments and to the extent of being the first point of contact for its clients globally to both cut out instruments on one hand and to monetize them on the other.
- f) To enhance ties with foreign investors whether be it for profits or for charitable purposes – to be their base away from their comfort zone and to strengthen the economy and to fulfill our social responsibility towards the country and its people.

## Stability

We the shareholders and the Board of Directors at the Bank strongly believe that by implementing the support plan in its entirety the highlights of which have been briefly discussed above will not only stabilize the Bank but give stability to the clients who we treat more as one of our own and take all necessary steps in order to ensure good corporate governance but also provide good service reflected by timely and good returns. The growth and expansion will broaden the spectrum and provide the much needed diversification of the investors, the investments and the markets and industries we are yet not only virgin to us but to majority of the investors and financial institutions not only in this country but also in the region. And make us part of the much larger picture – take us global and make our presence felt in the financial world through extensive use of the knowledge pool and sheer good old simple hard work and with a little luck will help us succeed in achieving our goals. A good example of which is the recently established SWIFT protocol helping us connect with the banks globally and ensuring that our securities and instruments carry the same value as that of any other renowned institution.

## Auditors Report

The overall operating performance of the Bank has improved considerably over the last year. Bank has generated a net profit of Rs. 3.9 million. It reflects that the overall operating performance has

# Trust Investment Bank Limited

been better and the worst has been passed. An investment in the form of land and properties of the value of around Rs. 662 million has been made by a group of investors during the year to strengthen the equity of the Bank. Currently, the Bank has positive equity by Rs. 1,259 million after taking into consideration of subordinated loan. 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 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 23 years of its operations has been substantially engaged in leasing business and over the years has accumulated the depreciation loss near 1.45 billion up to the assessment year 2013-14. 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.

The transfer of title of the properties in the name of the Bank is under process and it shall be transferred latest by December 31, 2014.

SECP, the regulator of NBFCs under NBFC (Establishment and Regulation) Rules 2003, itself desired the injection of shares of Tricon in the equity of the Bank. A downward adjustment in the value of the Tricon shares is not justified.

## **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, eight (08) 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	Director	8
Mr. Ahsan Rafique	Chief Executive	8
Mr. Humayun Nabi Jan	Ex-Director	1
Mr. Mamoon-Ur-Rashid	Director	7
Syed Sajjad Hussain Rizvi	Director	8

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. Abdul Shakeel	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, 2014 and shall retire at the conclusion of the 22nd 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:

- Internee students are appointed and trained during the year
- Recreation tour to Murree and Nathia Gali for employee has been conducted.
- Funds are donated to different charitable institutions.

Our key areas of focus in year 2014 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  
October 09, 2014**

**Ahsan Rafique  
President & Chief Executive Officer**

## Six Years Financial Summary

(Rupees In Million)

	2014	2013	2012	2011	2010	2009	2008
<b>Operational Results</b>							
Total Lease Business Term Finances	-	-	27	1,002	2,104	1,910	2,749
Revenues	116	63	253	660	475	695	949
Financial Expenses	13	50	547	587	686	875	538
Total Expenses	111	209	724	754	869	1,069	750
Profit/(loss) before tax	5	(149)	(1,002)	183	(905)	(976)	66
Profit/(loss) after tax	4	(149)	(1,004)	166	(702)	(715)	149
<b>Balance Sheet</b>							
Total assets	4,687	4,454	3,869	5,381	5,906	6,523	8,089
Paid-up-capital	892	892	892	892	892	585	585
Reserves	(1991)	(1,992)	(1,834)	(792)	(917)	(205)	510
Total Equity	1,259	595	(541)	501	376	391	1,095
Earning per share *	0.07	(2.56)	(17.93)	2.12	(12.16)	(12.22)	3.00
Book value per share	14.13	10.43	(14.47)	3.32	1.19	6.68	16.78
Dividend							
Cash Dividened	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

## Pattern of Shareholding

As at June 30, 2014

Number of Shareholders	Shareholding		Total Number of Shares Held	Percentage
	From	To		
435	1	100	18,817	0.03
644	101	500	170,751	0.25
328	501	1,000	246,713	0.36
640	1,001	5,000	1,523,922	2.22
78	5,001	10,000	599,163	0.87
47	10,001	15,000	593,102	0.86
17	15,001	20,000	308,247	0.45
11	20,001	25,000	260,847	0.38
13	25,001	30,000	368,281	0.54
15	30,001	40,000	519,702	0.76
7	40,001	50,000	305,337	0.45
3	50,001	60,000	163,552	0.24
3	60,001	70,000	199,681	0.29
6	70,001	85,000	462,821	0.67
4	85,001	100,000	400,000	0.58
3	100,001	120,000	319,867	0.47
2	121,001	125,000	250,000	0.36
1	125,001	130,000	130,000	0.19
1	145,001	150,000	150,000	0.22
1	155,001	165,000	162,500	0.24
1	165,001	190,000	165,485	0.24
2	190,001	200,000	400,000	0.58
1	200,001	210,000	203,067	0.30
1	210,001	235,000	232,500	0.34
1	235,001	250,000	250,000	0.36
1	275,001	280,000	276,000	0.40
2	281,001	300,000	600,000	0.87
2	300,001	345,000	651,000	0.95
1	345,001	350,000	349,000	0.51
1	450,001	600,000	500,000	0.73
1	600,001	700,000	625,000	0.91
1	700,001	710,000	707,000	1.03
1	1,000,001	1,010,000	1,002,200	1.46
1	1,080,001	1,090,000	1,087,847	1.59
1	1,200,001	1,250,000	1,250,000	1.82
1	1,360,001	1,365,000	1,364,500	1.99
1	1,640,001	1,670,000	1,650,000	2.41
1	1,850,001	1,860,000	1,858,966	2.71
1	2,500,001	2,510,000	2,500,001	3.64
1	2,560,001	2,570,000	2,567,242	3.74
1	2,770,001	2,780,000	2,779,750	4.05
1	3,540,001	3,545,000	3,544,210	5.17
1	4,360,001	4,365,000	4,354,601	6.35
1	5,701,001	5,705,000	5,702,405	8.31
1	7,100,001	7,150,000	7,106,551	10.36
1	7,400,001	7,500,000	7,500,000	10.93
1	12,205,001	12,210,000	12,209,742	17.80
<b>2,289</b>			<b>68,590,370</b>	<b>100.00</b>

## Categories of Shareholders As at June 30, 2014

Categories of shareholders	Shares held	Percentage
<b>Directors &amp; Chief Executive</b>		
Mr. Asif Kamal	7,106,551	10.36
Mr. Humayun Nabi Jan	718	0.00
Syed Sajjad Hussain Rizvi	500	0.00
Mr. Mamoon-ur-Rashid Qureishi	500	0.00
Mr. Abdul Shakeel	500	0.00
Mr. Asad Ali Kazmie	500	0.00
Mr. Ahsan Rafique	500	0.00
<b>Associated Companies/Persons &amp; related parties</b>		
Genesis Securities (Pvt.) Limited	12,209,742	17.80
Mr. Zahid Rafiq	5,702,405	8.31
<b>Banks &amp; Financial Institutions</b>		
The Bank of Khyber	7,500,000	10.93
The Bank of Punjab	165,485	0.24
Allied Bank Limited	1,250,000	1.82
Bank Al-Falah Limited	625,000	0.91
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	3.74
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>	17,892,729	26.09
<b>IDBP (ICP Unit)</b>	1,320	0.00
<b>Others (Joint Stock &amp; Investment Companies)</b>	13,524,509	19.72
<b>Total</b>	<b>68,590,370</b>	<b>100.00</b>

### SHARE-HOLDERS HOLDING FIVE PERCENT OR MORE

Total Paid up capital of the Company 68,590,370 Shares  
5% of the paid up capital of the Company 3,429,518 Shares

Name of Shareholders	Shares held	Percentage
Genesis Securities (Pvt.) Limited	12,209,742	17.80
The Bank of Khyber	7,500,000	10.93
Mr. Asif Kamal	7,106,551	10.36
Mr. Zahid Rafiq	5,702,405	8.31
Switch Securities (Pvt.) Limited	4,354,601	6.35
Mr. Jahanzaib Loni	3,544,210	5.17
<b>Total</b>	<b>40,417,509</b>	<b>58.93</b>



# Financial Statements

Trust Investment Bank Limited  
(For Year Ended June 30, 2014)

## 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/Non-Executive Directors	Syed Sajjad Hussain Rizvi Mr. Tariq Husain Mr. Mamoon-ur-Rashid Qureishi Mr. Abdul Shakeel Mr. Asad Ali Kazmie
Executive Director	Mr. Ahsan Rafique
Non-Executive Director	Mr. Asif Kamal

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 duly filled and the Company has fulfilled all corporate and legal requirements and file necessary returns within stipulated time period.
5. The Company has prepared a 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 and Company Secretary were made consequent to the resignation of CFO and Company Secretary. The remuneration, terms and conditions of employment of

Chief Financial Officer have been determined by the CEO with the approval of the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members. Consist of non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has 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 have been complied with.

**On behalf of the Board**

Lahore  
October 9, 2014

**Ahsan Rafique**  
Chief Executive Officer

## **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, except for the matter discussed in paragraph "a to b" below nothing has come to our attention, which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the code of Corporate Governance for the year ended June 30, 2014.

- a) None of the director's has obtained a certification under any director's training program offered by institutions – local or foreign – that meet the criteria specified by the SECP;
- b) 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, 2014.

**LAHORE:**  
**Date: October 09, 2014**

**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, 2014 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 (d) 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 (d) 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) as described in note 1.1.2 to the financial statements, the financial statements have been prepared on going concern basis. As at balance sheet date, the Company has accumulated losses amounting to Rs. 2,292.725 million (2013: Restated Rs.2,293.796 million), shareholder's equity is negative by Rs. 1,098.868 million (2013: Restated Rs.1,100.736 million), its current liabilities exceed its current assets by Rs. 729.577 million (2013: Rs. 809.066 million) and overdue installments of financing from banking companies & financial institutions and term finance certificates (TFC) are amounting to Rs. 1,141.696 million (2013: 1,115.140 million). The company is facing operational & financial crisis. Moreover, the company is defendant / petitioner in various law suits as mentioned in note # 32 to the financial statements. 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. These factors, along with mentioned in (b) to (d) 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 (2013: 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 and net profit for the year would have been decreased by Rs. 515.932 million and accumulated losses would have been increased by the same amount;
- c) properties of various landlords amounting to Rs. 1,248.67 million have been injected by the sponsor directors in the form of subordinated loan in these financial statements (Refer note 21.2). Properties amounting to Rs. 779.756 million still have not been transferred in the name of the Company.
- d) we could not satisfy ourselves regarding short term investment in shares of Tricon Developers Limited (a subsidiary) amounting to Rs 1,129.005 million (refer note 14), related subordinated loan from sponsors amounting to Rs. 1,253.282 million (refer note 21) on following grounds;
  - i. the registrar of companies, Lahore circle, did not accept/approve the issue of shares of Tricon

# Trust Investment Bank Limited

- 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) are taken in accordance with face value of these shares at the rate of Rs.10/- per share. The breakup value is significantly lower than the face value of these shares, as per available audited financial statements of Tricon Developers Limited for the year ended June 30, 2013. However, no adjustment to that effect has been made in these financial statements. Financial impact of the same is impracticable in the absence of relevant information.
- e) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (d) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- f) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (d) 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 except for the changes as stated in note 5.15 to the annexed financial statements.
  - 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;
- g) 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 '(d)' 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, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- h) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was not deducted and deposited by the company 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: October 09, 2014**

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

## BALANCE SHEET AS AT JUNE 30, 2014

ASSETS	Note	2014 Rupees	2013 Rupees (Restated)
<b>Non-current assets</b>			
Fixed assets	6	1,462,582,956	964,298,694
Long term investments	7	43,222,939	51,158,247
Long term loans and advances	8	3,815,975	8,395,333
Net investment in lease finance	9	-	-
Long term deposits		811,310	1,331,550
Deferred tax asset	10	515,931,678	515,931,678
<b>Total non-current assets</b>		<b>2,026,364,858</b>	<b>1,541,115,502</b>
<b>Current assets</b>			
Current maturities of non - current assets	11	1,058,847,589	1,277,848,272
Short term loans and advances	12	72,462,301	109,038,553
Short term placements	13	4,000,000	4,858,663
Short term investments	14	1,129,005,480	1,093,005,480
Short term prepayments		215,237	1,600,004
Markup accrued	15	201,981,288	203,091,749
Taxation - net		1,669,382	2,984,337
Other receivables	16	183,288,213	199,205,522
Cash and bank balances	17	8,852,265	5,642,474
<b>Total current assets</b>		<b>2,660,321,755</b>	<b>2,897,275,054</b>
<b>TOTAL ASSETS</b>		<b>4,686,686,613</b>	<b>4,438,390,556</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	892,028,729	892,028,729
Reserves	19	(1,990,896,610)	(1,992,764,646)
		(1,098,867,881)	(1,100,735,917)
<b>Surplus on revaluation of fixed assets-net</b>	20	<b>18,511,500</b>	<b>18,511,500</b>
<b>Non-current liabilities</b>			
Long term financing-subordinated loan	21	2,357,958,476	1,696,282,851
Long term financing-others	22	-	26,555,333
Long term morabaha	23	-	-
Long term certificates of investment	24	12,996,263	24,970,202
Deferred liabilities	25	6,189,364	5,041,342
Long term deposits	26	-	61,424,576
<b>Total non-current liabilities</b>		<b>2,377,144,103</b>	<b>1,814,274,304</b>
<b>Current liabilities</b>			
Short term borrowings	27	39,413,532	39,413,532
Short term certificates of investment	28	1,138,439,357	1,399,355,968
Current maturities of non current liabilities	29	1,779,912,742	1,841,213,448
Mark-up accrued	30	268,969,602	247,170,291
Trade and other payables	31	163,163,658	179,187,430
<b>Total current liabilities</b>		<b>3,389,898,891</b>	<b>3,706,340,669</b>
		5,767,042,994	5,520,614,973
<b>CONTINGENCIES AND COMMITMENTS</b>	32	-	-
		<b>4,686,686,613</b>	<b>4,438,390,556</b>

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

CHIEF EXECUTIVE

DIRECTOR

# Trust Investment Bank Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

<b>Income</b>	<b>Note</b>	<b>2014 Rupees</b>	2013 Rupees (Restated)
Income from lease operations	33	<b>53,445,935</b>	18,301,537
Income from investments	34	<b>1,520,397</b>	1,830,272
Income from term loans	35	<b>60,651,335</b>	43,100,636
		<b>115,617,667</b>	63,232,445
Finance cost	36	<b>13,440,509</b>	49,894,245
		<b>102,177,158</b>	13,338,200
Administrative and operating expenses	37	<b>77,918,661</b>	106,256,594
		<b>24,258,497</b>	(92,918,394)
<b>Other income</b>	38	<b>92,694,744</b>	60,379,632
		<b>116,953,241</b>	(32,538,762)
Other operating expenses	39	<b>19,722,761</b>	48,408,255
<b>Profit / (loss) before provisions and taxation</b>		<b>97,230,480</b>	(80,947,017)
Provision against lease and term loan	40	<b>78,047,269</b>	100,325,533
Impairment charged / (reversed) in the value of investment	41	<b>13,765,058</b>	(31,964,293)
		<b>91,812,327</b>	68,361,240
<b>Profit / (loss) before taxation</b>		<b>5,418,153</b>	(149,308,257)
Provision for taxation	42	<b>1,432,202</b>	398,049
<b>Profit / (Loss) after taxation</b>		<b>3,985,951</b>	(149,706,306)
<b>Earnings / (loss) per share - basic</b>	43	<b>0.07</b>	(2.56)
<b>Earnings / (loss) per share - diluted</b>	43	<b>0.04</b>	(1.62)

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

CHIEF EXECUTIVE

DIRECTOR

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	5,418,153	(149,308,257)
<b>Adjustments for non cash / non operating items:</b>		
Depreciation and amortization	7,106,648	7,951,611
Amortization of initial transaction cost over term finance certificates	-	1,880,935
Provision for staff service cost	3,485,988	4,641,020
Provision for potential lease and term loan losses	78,047,269	100,325,533
Lease receivables written off	19,722,761	48,408,255
Finance cost	13,440,509	49,894,245
Loss on disposal of fixed assets	188,592	699,011
Profit on settlement	(65,280,831)	(45,834,298)
Reversal of impairment in the value of investment	13,765,058	(31,964,293)
Effect of change in accounting policy (ref note 5.15)	-	(4,914,290)
	<b>70,475,994</b>	<b>131,087,729</b>
<b>Operating profit / (loss) before working capital changes</b>	<b>75,894,147</b>	<b>(18,220,528)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>(Increase) / decrease in assets:</b>		
Long term loans and advances	186,006	13,437,060
Net investment in lease finance	22,190,457	211,211,148
Short term loans and advances	36,576,252	132,526,077
Short term placements	858,663	30,141,337
Short term prepayments	1,384,767	16,839,704
Markup accrued	1,110,461	24,197,200
Other receivables	44,481,316	(120,732,754)
	<b>106,787,922</b>	<b>307,619,772</b>
<b>Increase / (decrease) in liabilities:</b>		
Certificates of investment	(157,863,826)	(323,755,251)
Trade and other payables	(16,023,772)	(34,939,952)
	<b>(67,099,676)</b>	<b>(51,075,431)</b>
<b>Cash generated from / (used in) operations</b>	<b>8,794,471</b>	<b>(69,295,959)</b>
Finance cost paid	(8,358,802)	(64,782,963)
Taxes paid	(117,247)	(182,026)
Staff service cost paid	(2,337,966)	(4,415,872)
	<b>(10,814,015)</b>	<b>(69,380,861)</b>
<b>Net cash used in operating activities</b>	<b>(2,019,544)</b>	<b>(138,676,820)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(342,392)	(15,900,615)
Long term investments	11,718,750	66,701,950
Long term deposits	520,240	(64,700)
Proceeds from disposal of:		
Fixed assets	1,657,112	83,767,661
<b>Net cash generated from investing activities</b>	<b>13,553,710</b>	<b>134,504,296</b>

# Trust Investment Bank Limited

	<b>2014</b> <b>Rupees</b>	<b>2013</b> <b>Rupees</b> <b>(Restated)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	(8,324,375)	-
Dividend	-	(2,774)
<b>Net cash used in financing activities</b>	<b>(8,324,375)</b>	<b>(2,774)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>3,209,791</b>	<b>(4,175,298)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(33,771,058)</b>	<b>(29,595,760)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>46 (30,561,267)</b>	<b>(33,771,058)</b>

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2014 Rupees</b>	<b>2013 Rupees (Restated)</b>
Profit / (loss) after taxation for the year	3,985,951	(149,706,306)
Other comprehensive income/(loss)		
Transferred from surplus on revaluation of fixed assets to accumulated loss-net of tax	-	862,270
Transfer to statutory reserve	(797,190)	-
Item not to be reclassified to profit and loss account - in subsequent period		
Acturial loss on gratuity fund	(2,117,915)	(447,893)
<b>Total comprehensive income/(loss) for the year</b>	<b><u>1,070,846</u></b>	<b><u>(149,291,929)</u></b>

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

**CHIEF EXECUTIVE**

**DIRECTOR**

## STATEMENT OF CHANGES IN EQUITY For the Year Ended June 30, 2014

	Ordinary Shares	Preference shares	CAPITAL RESERVES	REVENUE RESERVES			Total
				Statutory reserve	General reserve	Accumulated losses	
<b>Balances as at 01 July 2012</b>	585,528,729	306,500,000	240,030,907	61,000,000	(2,134,655,367)	(1,833,624,460)	(941,595,731)
Total comprehensive loss for the year	-	-	-	-	(149,291,929)	(149,291,929)	(149,291,929)
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)
Effect of change in accounting policy (Note 5.15)	-	-	-	-	(4,466,397)	(4,466,397)	(4,466,397)
<b>Balances as at 30 June 2013 (Restated)</b>	<b>585,528,729</b>	<b>306,500,000</b>	<b>240,030,907</b>	<b>61,000,000</b>	<b>(2,293,795,553)</b>	<b>(1,992,764,646)</b>	<b>(1,100,735,917)</b>
Total comprehensive income for the year	-	-	797,190	-	1,070,846	1,868,036	1,868,036
Conversion of preference shares into ordinary shares	100,375,000	(100,375,000)	-	-	-	-	-
Dividend on preference shares @ 1 year Kibor+100 BPS for the year ended 30 June 2014	-	-	-	-	-	-	-
<b>Balances as at 30 June 2014</b>	<b>685,903,729</b>	<b>206,125,000</b>	<b>240,828,097</b>	<b>61,000,000</b>	<b>(2,292,724,707)</b>	<b>(1,990,896,610)</b>	<b>(1,098,867,881)</b>

-----Rupees-----

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

CHIEF EXECUTIVE

DIRECTOR

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2014

#### 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 withdrawn the long term (previously "D") and short term (previously "D") credit rating since November 19, 2012.

**1.1.2** The accumulated losses of the company amounts to Rs. 2, 292.724/- million as at balance sheet date, and 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, during 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 properties 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 has been treated as a subordinated loan which is available for issuance of shares of Trust Bank. These transaction has strengthen the equity of the bank and bank is equity complied 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. The preference shares amounting to Rs.100.37 million have been converted into ordinary shares. The future interest cost and preference dividend have been saved. 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. Hence these financial statements are prepared on going concern basis.

##### 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 6th Floor, M M Tower, 28 - A / K, Gulberg II, 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

IFRS 7	Financial instruments: Disclosures (Amendment)
IAS 1	Presentation of Financial Statements - (Amendment)
IAS 19	Employee Benefits (Revised)
IFRIC 20	Stripping Cost in the Production Phase of a Surface Mine.

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

<b>Standard or Interpretation</b>	<b>Effective date (accounting periods Beginning on or after)</b>
IFRS 7 Financial Instruments: Disclosures (Amendment)	1-Jan-15
IFRS 10 Consolidated financial statements	1-Jan-15
IFRS 11 Joint arrangements	1-Jan-15
IFRS 12 Disclosure of interest in Other Entities	1-Jan-15
IFRS 13 Fair Value Measurement	1-Jan-15
IAS 16 & 38 - Clarification of Acceptable Method of Depreciation and Amortization	1-Jan-16
IAS 16 & 41 - Agriculture Bearer Plants	1-Jan-16
IAS 19 Employee Benefits (Amendment)	1-Jul-14
IAS 27 Separate Financial Statements (Revised)	1-Jan-15
IAS 28 Investment in Associates and Joint Ventures (Revised)	1-Jan-15
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)	1-Jan-14
IAS-36 Recoverable amount disclosures for Non-Financial Assets (Amendment)	1-Jan-14
IAS-39 Financial Instruments: Recognition and measurement-on novation of derivatives	1-Jan-14
IFRIC 21 Levies	1-Jan-14

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However, those that are not considered relevant to the Company and therefore are not expected to materially affect the financial statements of the Company for accounting periods on dates prescribed therein.

### 3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014.

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 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 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.

# Trust Investment Bank Limited

## **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 in other comprehensive income in the year in which they arise. Gratuity is payable to employees on the completion of prescribed qualifying period of service under the scheme.

During the year the Company has adopted Revised IAS 19 - "Employee Benefits". As per revised standard, actuarial gains and losses for defined benefit plans are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service cost, gains or losses on settlements, and net interest income (expenses). All other changes in the net defined benefit assets (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognized actuarial gains and losses in total in the other comprehensive income in the period in which they occur. Previously, actuarial gains and losses arising as a result of actuarial valuation were 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.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements has been restated. The impact of the said changes on these financial statements is as under:

	Rupees	
	2014	2013
Net increase in profit and loss account	2,117,915	4,914,290
Net decrease in other comprehensive income	2,117,915	447,893
Net increase in accumulated losses	-	4,466,397

### 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	2014	2013
		Rupees	Rupees
<b>Tangible</b>			
Property, plant and equipment	6.1	561,367,003	85,763,067
Capital work in progress	6.2	900,907,190	878,121,000
<b>Intangible assets</b>	6.4	308,763	414,627
		<b>1,462,582,956</b>	<b>964,298,694</b>

## 6.1. Property, plant and equipment

PARTICULARS	2014				Rate %				
	C O S T		D E P R E C I A T I O N						
	As at 01 July 2013	Additions during the year	Deletions during the year	As at 30 June 2014		For the year	Adjustment	As at 30 June 2014	Book value as at 30 June 2014
<b>Owned</b>									
Land	-	513,700,210	(31,026,877)	482,673,333	-	-	-	482,673,333	
Building on freehold land	73,015,000	-	(3,015,000)	70,000,000	3,537,691	3,461,451	(174,142)	6,825,000	63,175,000
Leasehold improvements	19,668,153	-	-	19,668,153	14,809,861	971,652	-	15,781,513	3,886,640
Office equipment and machines	18,071,381	342,392	(994,625)	17,419,148	13,246,341	983,939	(785,342)	13,444,938	3,974,210
Furniture and fixtures	12,329,702	-	(1,432,383)	10,897,319	6,886,558	534,102	(870,509)	6,550,151	4,347,168
Air-conditioning equipment	1,964,028	-	(1,156,844)	807,184	1,064,950	80,836	(656,932)	488,854	318,330
Vehicles	879,856	5,212,997	(1,971,000)	4,121,853	619,656	968,804	(458,929)	1,129,531	2,992,322
	<b>125,928,120</b>	<b>519,255,599</b>	<b>(39,596,729)</b>	<b>605,586,990</b>	<b>40,165,057</b>	<b>7,000,784</b>	<b>(2,945,854)</b>	<b>44,219,987</b>	<b>561,367,003</b>

PARTICULARS	2013				Rate %				
	C O S T		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		For the year	Adjustment	As at 30 June 2013	Book value as at 30 June 2013
<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
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
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
Furniture and fixtures	13,195,996	-	(866,294)	12,329,702	6,709,367	645,005	(467,814)	6,886,558	5,443,144
Air-conditioning equipment	3,195,078	-	(1,231,050)	1,964,028	1,405,428	133,043	(473,521)	1,064,950	899,078
Vehicles	5,153,002	-	(4,273,146)	879,856	1,902,347	483,784	(1,766,475)	619,656	260,200
	<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>

6.2. Capital work in progress	NOTE	2014	2013
		Rupees	Rupees
Opening Balance		878,121,000	316,432,600
Additions		240,000,000	634,851,465
Disposal		1,118,121,000	951,284,065
Cost		(217,213,810)	(73,163,065)
Closing balance	6.3	900,907,190	878,121,000

### 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	12,902,400	146,872,000
Land at Adyala road Rawalpindi	6.3.3	183,755,790	267,000,000
Land at Jail Road Lahore	6.3.3	356,000,000	356,000,000
Kallar Kahar land near Hushab Road Cantt.	6.3.4	240,000,000	-
		900,907,190	878,121,000

**6.3.1.** Capital work in progress has been revalued by M/s Synregisers (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 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 (2013: Rs. 89.737 million). Construction of Tricon Corporate Centre is still under process, as at balance sheet date.

**6.3.2.** This amount of represents Shop # 5 of 512 square feet at China centre, Feroz Pur Road Lahore. 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.** These lands are against subordinate loan of Mr. Muhammad Akram and other landlords (refer note 21.2.3), further, an equity participation agreement has been signed between Mr. Muhammad Akram and TIBL, dated 5th June 2013. According to the term of agreement TIBL issue preference or common share in the name of Mr. Muhammad Akram against transfer of property, but due to certain reasons and legal issues the shares could not be issued in the name of said party. Subsequently, an "Addendum" is made on 16th June 2014, according to which Mr. Muhammad Akram is agree and consent that the above mentioned shares be issued in the name of Mr. Muhammad Asif Kamal, Director of TIBL. Further title of these properties has not yet been transferred in the name of the company as on balance sheet date.

**6.3.4.** This land was acquired through agreement between TIBL and Mr. Imran Mehmood. As per the terms of the agreement TIBL will pay upto 10% of the agreed price in cash and balance 90% in the form of issuance / transfer of shares of Trust Investment Bank Limited at par in favor of legal owner of the property. Due to certain reasons and legal issues the shares could not be issue in the name of owner of the property. Subsequently, an "Addendum" is made on 18th June, 2014, according to which Mr. Imran Mehmood is agree and consent that the said shares be issued in the name of Mr. Sajjad Rizvi, Director of TIBL. Further title of these properties has not yet been transferred in the name of the company as on balance sheet date.

### 6.4. Intangible Assets

PARTICULARS	2014							
	C O S T			A M O R T I Z A T I O N				Book value as at 30 June 2014
	As at 01 July 2013	Additions / (Deletions) during the year	As at 30 June 2014	As at 01 July 2013	For the year	Deletions	As at 30 June 2014	
Software Licenses	1,294,383	-	1,294,383	879,756	105,864	-	985,620	308,763
	1,294,383	-	1,294,383	879,756	105,864	-	985,620	308,763

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	
Software Licenses	1,294,383	-	1,294,383	773,892	105,864	-	879,756	414,627
	1,294,383	-	1,294,383	773,892	105,864	-	879,756	414,627

# Trust Investment Bank Limited

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

Description	Cost	Book value	2014		Mode of disposal	Sold to
			Sale proceeds	Gain / (loss)		
-----Rupees-----						
<b>Assets with book value exceeding Rs. 50,000</b>						
<b>Land</b>						
Land- (4 Kanal, 15 Marla)	2,880,313	2,880,313	4,583,750	1,703,437	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
Land- (9 Kanal, 15 Marla)	5,861,063	5,861,063	9,408,750	3,547,687	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
Land- (4 Kanal, 15 Marla)	2,850,313	2,850,313	4,583,750	1,733,437	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
Land- (4 Kanal, 14 Marla)	2,820,625	2,820,625	4,535,500	1,714,875	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
Land- (14 Kanal, 18 Marla)	8,906,875	8,906,875	14,378,500	5,471,625	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
Land- (2 Kanal, 17 Marla)	1,710,188	1,710,188	2,750,250	1,040,062	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
Land- (10 Kanal)	5,997,500	5,997,500	9,650,000	3,652,500	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
<b>Building</b>						
House At Shadbagh Lahore	2,315,000	2,315,000	12,285,240	9,970,240	Settlement against COI'	Mohsin Mehdi
House At Shadbagh Lahore	700,000	700,000	3,714,760	3,014,760	Settlement against COI'	Mohsin Mehdi
<b>Equipments</b>						
Laptop	63,500	50,377	50,377	-	Adjustment	Inter Office Laptop Loan Facility to Imran Azha
Computers	489,775	72,090	136,300	64,210	Adjustment	Muhammad Zubair
<b>Furniture</b>						
Gujrat Branch furniture	326,601	122,691	117,000	(5,691)	Cash	Abdul Jabbar
Sign Boards	135,212	52,474	76,300	23,826	Cash	Asian House
Cavallry Branch furniture	154,800	54,515	84,112	29,597	Cash	Nasir Ali Bukhari
Faisal Town Branch furniture	161,620	57,920	108,700	50,780	Cash	Javed Iqbal
DHA Branch furniture	146,250	67,739	61,000	(6,739)	Cash	Several Persons
<b>Air-conditioning equipment</b>						
Airconditioners-Gujrat Branch	201,038	88,150	85,000	(3,150)	Cash	Nabi Noor
Airconditioner-Multan Branch	89,300	31,447	25,000	(6,447)	Cash	Shahid Iqbal
<b>Vehicles</b>						
Veh-Suzuki Cultus Lzs-6497	475,000	150,403	400,000	249,597	Cheque Received	Mr. Jamil Joseph
Veh-Honda Civic(Lzn-255)	950,000	902,501	700,000	(202,501)	Pay Order Received	Mr. Baha Ud Din Siqqiqui
Veh-Honda City ( Pool Car LZU-6490)	475,000	459,166	575,000	115,834	Settlement against COI	Shaziab Hassan Gardazi
<b>Assets with book value below Rs. 50,000</b>	1,886,756	1,207,524	825,450	(382,074)	Cash	Several Persons
<b>Capital work in progress</b>						
China Centre Sale Of Shop No.01(190 Sq Ft) & Shop	13,133,085	13,133,085	18,757,283	5,624,198	Adjustment	Adjusted Against COI's(Accountancy Outsourc
China Centre 1358 Sq. F Of Shops No.1 To 5	34,221,600	34,221,600	40,740,000	6,518,400	Adjustment	Adjusted Against COI's(MEPCO)
China Centre 1300 Sq. F Of Shops No.1 To 5	32,760,000	32,760,000	39,000,000	6,240,000	Adjustment	Adjusted Against COI's(MEPCO)
Land transfer to Work in progress for IESCO settleme	28,654,915	28,654,915	38,788,691	10,133,776	Settlement against COI'	Islamabad Electric Supply Company (IESCO)
China Centre 1000 Sq. F Of Shop No. 6	25,200,000	25,200,000	30,000,000	4,800,000	Adjustment	Adjusted Against COI's(MEPCO)
<b>2014</b>	<b>173,566,329</b>	<b>171,328,474</b>	<b>236,420,713</b>	<b>65,092,239</b>		
-----Rupees-----						
Description	Cost	Book value	2013		Mode of disposal	Sold to
			Sale proceeds	Gain / (loss)		
<b>Assets with book value exceeding Rs. 50,000</b>						
<b>Building on freehold land</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	Muzaffar Ahmad
<b>Leasehold improvements</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>Office Equipment and machines</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>Air-conditioning equipment</b>						
Generator ( Head Office)	1,035,000	651,486	650,000	(1,486)	Negotiation	M.M. Tower
<b>Vehicles</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 UI 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>Capital work in progress</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>		

	Note	2014 Rupees	2013 Rupees Restated
<b>7. LONG TERM INVESTMENTS</b>			
Investment in subsidiary-at cost	7.2	60,000,000	60,000,000
Investment in financial instruments	7.3	62,953,550	74,672,300
		<u>122,953,550</u>	<u>134,672,300</u>
Less: Impairment in the value of investments	7.4	65,943,361	52,178,303
		<u>57,010,189</u>	<u>82,493,997</u>
Less: Current portion of long term investments	11	13,787,250	31,335,750
		<u>43,222,939</u>	<u>51,158,247</u>

#### 7.1. Particulars of long term investments

Long term investments-considered good		57,010,189	97,633,013
Long term investments-considered doubtful		65,943,361	37,039,287
		<u>122,953,550</u>	<u>134,672,300</u>
Less: Impairment in the value of investments	7.4	65,943,361	52,178,303
		<u>57,010,189</u>	<u>82,493,997</u>

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

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

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

Breakup value Rs. 1.67 per share as at June 30, 2014, based on un-audited financial statements duly initialed by auditors.

#### 7.2.1. Summarised financial information of subsidiary

Aggregate amount of			
Assets		62,834,016	216,983,755
Liabilities		52,804,487	190,501,042
Revenue		-	5,255,303
Loss for the year		(16,453,184)	(1,244,895)

#### 7.3. Investment in financial instruments

##### Held to maturity

##### Term finance certificates

Azgard Nine Limited 7.3.1 30,485,310 30,485,310

##### Sukuks

Eden Housing Limited-Sukuks 7.3.2 9,843,750 21,562,500

##### Available for sale

##### Shares

Agritech Limited 7.3.1 22,624,490 22,624,490

62,953,550 74,672,300

**7.3.1.** 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.

Subsequently, an agreement is signed between Azgard Nine Limited and TFC,s holders on April 12, 2012. According to the terms of agreement 646,414 shares of Agritech Limited @ Rs. 35/- per share will be transferred against adjustment of Rs. 22,624,490/- towards outstanding principle amount.

# Trust Investment Bank Limited

**7.3.2.** 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.

	Note	2014 Rupees	2013 Rupees Restated
<b>7.4. Impairment in the value of investments</b>			
Opening balance as at July 01,		52,178,303	84,142,596
Charged / (Reversal) during the year		13,765,058	(31,964,293)
Closing balance as at June 30,	7.4.1	<u>65,943,361</u>	<u>52,178,303</u>
<b>7.4.1. Particulars of impairment</b>			
Trust Capital (Pvt.) Limited		49,970,471	33,517,287
Azgard Nine Limited - TFC		-	3,522,000
Aqrtech Limited - shares		15,972,890	15,139,016
		<u>65,943,361</u>	<u>52,178,303</u>
<b>8. LONG TERM LOANS AND ADVANCES</b>			
<b>Secured:</b>			
Employees - considered good	8.1	579,608	2,371,991
Companies, organizations and individuals			
Considered good	8.2	31,180,203	39,792,931
Considered doubtful		7,047,805	7,047,805
		<u>38,228,008</u>	<u>46,840,736</u>
		<u>38,807,616</u>	<u>49,212,727</u>
<b>Un-secured:</b>			
Companies, organizations and individuals - Considered doub	8.3	397,838,899	397,838,899
		<u>436,646,515</u>	<u>447,051,626</u>
Less: provision against doubtful loans	8.4	403,653,029	401,076,412
		<u>32,993,486</u>	<u>45,975,214</u>
Less : current maturity	11	29,177,511	37,579,881
		<u>3,815,975</u>	<u>8,395,333</u>

**8.1.** These includes long term loans provided to employees against mortgage of property and carry mark-up ranging from 0% to 15.20% (2013: 4% to 12.50%) per annum. The maximum aggregate balance due from the Chief Executive Officer is Rs. Nil (Restated 2013: Rs. 1.2 million) and the maximum aggregate balance due from executives is Rs. 0.111 million (Restated 2013: Rs. 0.176 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% (2013 : 16.00% to 20.62%) per annum.

**8.3** It includes receivables of Trust Capital (Pvt) Limited (TCPL) amounting to Rs. 393 million, (Restated 2013: Rs. 393 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	2014 Rupees	2013 Rupees
<b>8.4. Provision against doubtful loans</b>			
Opening balance as at July 01		401,076,412	398,842,509
Charge for the year		2,576,617	2,233,903
Reversal during the year		-	-
Closing balance as at June 30	8.4.1	<u>403,653,029</u>	<u>401,076,412</u>
<b>8.4.1. Particulars of provision against doubtful loans</b>			
Companies, organizations and individuals		<u>403,653,029</u>	<u>401,076,412</u>
<b>9. NET INVESTMENT IN LEASE FINANCE</b>			
Lease payments receivable	9.1	1,214,753,521	1,325,705,951
Add: Residual value		324,929,233	408,586,891
<b>Gross investment in leases</b>		<u>1,539,682,754</u>	<u>1,734,292,842</u>
Less: Unearned finance income		1,726,375	5,311,508
Income suspended	9.3	133,635,056	183,984,668
Provision for lease losses	9.4	388,438,495	336,064,025
		<u>523,799,926</u>	<u>525,360,201</u>
Net investment in lease finance		<u>1,015,882,828</u>	<u>1,208,932,641</u>
Less: Current portion of net investment in lease finance	11	1,015,882,828	1,208,932,641
		<u>-</u>	<u>-</u>

**30 June 2014**

	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	1,539,682,754	-	-	1,539,682,754
Less: Unearned finance income	1,726,375	-	-	1,726,375
	<u>1,537,956,379</u>	<u>-</u>	<u>-</u>	<u>1,537,956,379</u>

**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
	<u>1,208,932,641</u>	<u>520,048,693</u>	<u>-</u>	<u>1,728,981,334</u>

**9.1.** The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2013: 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	2014 Rupees	2013 Rupees
<b>9.3. Income suspended</b>			
Balance at the beginning of the year		183,984,668	181,890,491
Suspended during the year		11,472,238	13,705,043
Reversal of suspension		(61,821,850)	(11,610,866)
Balance at the end of the year		<u>133,635,056</u>	<u>183,984,668</u>
<b>9.4. Provision for lease losses</b>			
Balance at beginning of the year		336,064,025	289,499,142
Provision during the year		122,808,968	50,685,285
Provision reversed during the year		(70,434,498)	(4,120,402)
Balance at the end of the year		<u>388,438,495</u>	<u>336,064,025</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	13,787,250	31,335,750
Long term loans and advances	8	29,177,511	37,579,881
Net investment in lease finance	9	1,015,882,828	1,208,932,641
		<u>1,058,847,589</u>	<u>1,277,848,272</u>
<b>12. SHORT TERM LOANS AND ADVANCES</b>			
Short term loans-Secured	12.1	53,289,126	94,687,143
Short term advances	12.2	19,173,175	14,351,410
		<u>72,462,301</u>	<u>109,038,553</u>
<b>12.1. Short term loans-Secured</b>			
Companies, organizations and individuals			
Considered good	12.1.1	53,289,126	94,687,143
Considered doubtful		650,000	650,000
		53,939,126	95,337,143
Less: Provision against doubtful loans	12.1.2	650,000	650,000
		<u>53,289,126</u>	<u>94,687,143</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% (2013 : 14.75% to 23.19%) per annum

	Note	2014 Rupees	2013 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 & others

	<u>19,173,175</u>	<u>14,351,410</u>
--	-------------------	-------------------

**13. SHORT TERM PLACEMENTS**

Repurchase agreement lendings (Reverse Repo)		7,022,877	7,022,877
TDR		3,000,000	3,000,000
Placement with First Fidelity Leasing Modarba		1,000,000	1,858,663
	<b>13.1</b>	<u>11,022,877</u>	<u>11,881,540</u>
Less: Provision against doubtful lending		<u>7,022,877</u>	<u>7,022,877</u>
		<u>4,000,000</u>	<u>4,858,663</u>

**13.1. Particulars of short term placements**

**Considered good**

Placement with First Fidelity Leasing Modarba

<b>13.2</b>	1,000,000	1,858,663
-------------	-----------	-----------

TDR

<b>13.3</b>	3,000,000	3,000,000
-------------	-----------	-----------

**Considered doubtful**

Hascomb Business Solutions

<b>13.4</b>	<u>7,022,877</u>	<u>7,022,877</u>
	<u>11,022,877</u>	<u>11,881,540</u>

**13.2** This placement is made during 2011-2012 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. 15 Million each, one instalment 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 @ 7.5 % p.a. (2013: 9.5%)

**13.4** These were secured against fair value of quoted securities and mortgage of property. These carry mark-up at the rate of 22% (2013: 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

112,900,548 (**2013**: 109,300,548) fully paid ordinary shares

of Rs. 10 each. Equity held 50.11% (**2013**: 48.51%)

<b>14.1</b>	<u>1,129,005,480</u>	<u>1,093,005,480</u>
-------------	----------------------	----------------------

(Breakup value Rs. 3.34/- per share based on available audited accounts for the year ended June 30, 2013)

**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. Also includes the Land converted into shares amounting to Rs. 476.368 million.

**14.2.** Summarised financial information of subsidiary based on audited available accounts for the year ended June 30 2013 is as follows;

Aggregate amount of

	30.06.2013	30.06.2012
Assets	956,779,519	1,543,409,244
Liabilities	203,138,545	990,540,703
Revenue	20,633,074	215,067,150
Profit / (loss) for the year	200,722,433	(2,088,911,050)

# Trust Investment Bank Limited

<b>15. MARKUP ACCRUED</b>	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
Mark-up accrued on:			
Term finance certificates and Sukuks	15.1	536,675	1,202,748
Short term and long term loans	15.2	31,317,483	18,626,486
Investments in lease	15.3	170,070,629	183,206,014
Short term placements	15.4	56,501	56,501
		<u>201,981,288</u>	<u>203,091,749</u>
<b>15.1. Mark-up accrued on bonds and term finance certificates</b>			
Considered good		536,675	1,202,748
Considered doubtful		53,420,450	53,140,168
		<u>53,957,125</u>	<u>54,342,916</u>
Less: Suspension against doubtful receivables	15.1.1	53,420,450	53,140,168
		<u>536,675</u>	<u>1,202,748</u>
<b>15.1.1. Suspension against doubtful receivables</b>			
Opening balance as at July 01,		53,140,168	44,568,467
Suspended during the year		280,282	8,571,701
Reversed during the year		-	-
Closing balance as at June 30,		<u>53,420,450</u>	<u>53,140,168</u>
<b>15.2. Mark-up accrued on short term and long term loans</b>			
Considered good		31,317,483	18,626,486
Considered doubtful		102,335,043	102,335,043
		<u>133,652,526</u>	<u>120,961,529</u>
Less: Suspension against doubtful loans	15.2.1	102,335,043	102,335,043
		<u>31,317,483</u>	<u>18,626,486</u>
<b>15.2.1. Suspension against doubtful loans</b>			
Opening balance as at July 01,		102,335,043	48,276,687
Suspended during the year		-	54,058,356
Reversed during the year		-	-
Closing balance as at June 30,		<u>102,335,043</u>	<u>102,335,043</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. 174.004 million (2013: Rs. 182.963 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		6,752,738	5,207,705
		<u>6,752,738</u>	<u>5,207,705</u>
Less: Suspension against doubtful placements	15.4.1	6,696,237	5,151,204
		<u>56,501</u>	<u>56,501</u>
<b>15.4.1. Suspension against doubtful placements</b>			
Opening balance as at July 01,		5,151,204	3,606,172
Suspended during the year		1,545,033	1,545,032
Closing balance as at June 30,		<u>6,696,237</u>	<u>5,151,204</u>

	Note	2014 Rupees	2013 Rupees
<b>16. OTHER RECEIVABLES</b>			
Receivable from broker - considered doubtful		21,143,275	21,143,275
Miscellaneous receivables from lessees:	16.1		
Considered good		-	22,803,954
Considered doubtful		318,830,017	345,202,043
		318,830,017	368,005,997
Other receivables			
Considered good	16.2	183,328,213	178,633,549
Considered doubtful	16.3	4,625,524	4,625,524
		187,953,737	183,259,073
		527,927,029	572,408,345
Less: Provision for doubtful receivables	16.4	344,638,816	373,202,823
		183,288,213	199,205,522

**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. 51,073,829/- (2013: Rs. 176,256,664/-).

**16.3.** This includes receivable from Trust Management (Pvt) Limited amounting to Rs. 3,920,248/- (2013: Rs. 3,920,248/-)

#### 16.4. Movement of provisions for doubtful receivable

Opening balance as at July 01,		373,202,823	321,676,076
Charge for the year		106,153,058	51,957,921
		479,355,881	373,633,997
Written off during the year		(51,660,188)	-
Reversed during the year		(83,056,877)	(431,174)
Closing balance as at June 30,		344,638,816	373,202,823

#### 17. CASH AND BANK BALANCES

Cash in hand		120,694	92,067
With banks in:			
Current accounts		244,194	244,194
Deposit accounts	17.1	8,487,377	5,306,213
		8,731,571	5,550,407
		8,852,265	5,642,474

**17.1.** Deposit accounts carry markup rate ranging from 6.5% to 9.50% per annum (2013: 6.50% to 9.50%).

#### 18. SHARE CAPITAL

2014	2013		2014	2013
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>		
30,180,484	20,142,984	Ordinary shares of Rs. 10 each fully paid-up in cash	301,804,840	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
20,612,500	30,650,000	Preference shares of Rs. 10 each issued	206,125,000	306,500,000
89,202,873	89,202,873		892,028,729	892,028,729

# Trust Investment Bank Limited

**18.1.** Mr. Zahid Rafiq and Genesis Securities (Pvt) Limited, related parties of the Bank held 5,702,405 (9.74%) [ 2013: 5,702,405 (9.74%)] and 12,209,742 (20.85%) [ 2013: 122,097,420 (20.85%)] Ordinary shares of Rs. 10 each respectively, as at June 30,2014.

**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
- 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

		<b>2014</b>	2013
		<b>Rupees</b>	Rupees
Saudi Pak Industrial & Agricultural Investment Company		<b>15,000,000</b>	20,000,000
Pak Brunei Investment Company Limited		<b>4,875,000</b>	6,500,000
Trust Capital (Pvt) Limited (TCPL)		-	130,000,000
AMZ Income Fund (KASB Liquid Fund)	<b>18.4.1</b>	<b>130,000,000</b>	-
Bank Alfalah Limited		<b>18,750,000</b>	25,000,000
The Bank of Khyber		-	75,000,000
Allied Bank Limited		<b>37,500,000</b>	50,000,000
		<b>206,125,000</b>	<b>306,500,000</b>

**18.4.1.** Preference shares of AMZ will be transferred to TCPL by agreement of settlement between AMZ and TCPL. Total liability amounting to Rs. 176.933 Million, including principal and profit, will be 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. Due to non performing of said agreement till June 30, 2014, the amount has been reversed to AMZ account.

## 19. RESERVES

	Note	2014 Rupees	2013 Rupees
<b>Capital reserves</b>			
Statutory reserve	19.1	240,828,097	240,030,907
		<u>240,828,097</u>	<u>240,030,907</u>
<b>Revenue reserves</b>			
General reserve		61,000,000	61,000,000
Accumulated loss		(2,292,724,707)	(2,293,795,553)
		<u>(2,231,724,707)</u>	<u>(2,232,795,553)</u>
		<u>(1,990,896,610)</u>	<u>(1,992,764,646)</u>

### 19.1. Statutory Reserve

Opening balance as at July 01,	240,030,907	240,030,907
Transfer from profit or loss account	797,190	-
Closing balance as at June 30,	<u>240,828,097</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.

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

Capital work in progress	20.1	<u>18,511,500</u>	<u>18,511,500</u>
--------------------------	------	-------------------	-------------------

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

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

**20.2.** 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>2,357,958,476</u>	<u>1,696,282,851</u>
---------------------------------------	------	----------------------	----------------------

### 21.1. Long term financing-Subordinated loan

Opening balance as at July 01,	1,696,282,851	400,646,237
Addition during the year	661,675,625	1,295,636,614
Closing balance as at June 30,	<u>2,357,958,476</u>	<u>1,696,282,851</u>

### 21.2. Particulars of subordinated loan

Loan from:			
Directors-Asif Kamal	21.2.1	1,759,282,851	973,282,851
Subsidiary company -Tricon Developers	21.2.2	100,000,000	100,000,000
Muhammad Akram & others		-	623,000,000
Mamoom -ur- Rashid	21.2.3	258,675,625	-
Syed Sajjad Rizvi	21.2.4	240,000,000	-
		<u>2,357,958,476</u>	<u>1,696,282,851</u>

# Trust Investment Bank Limited

- 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). Further properties amounting to Rs. 356 million and Rs.150 million of Muhammad Akaran and Muhammad Fiaz respectively have been injected for equity participation in favor.
- 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** Properties amounting to Rs. 258.6 million of Mrs. Samina Khurram have been injected for equity participation in favor of Mr. Mamoon Ur Rasheed through Addendum (dated 27 June 2014) to equity participation agreement (dated 20 June 2013). 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. However, title of properties amounting to Rs. 183 million has not yet been transferred in the name of TIBL.
- 21.2.4** Properties amounting to Rs. 240 million of Imran Maqsood have been injected for equity participation in favor of Mr. Sajjad Rizvi through Addendum (dated 27 June 2014) to equity participation agreement (dated 20 June 2013). 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. However, title has not yet been transferred in the name of the company.

		2014	2013
	Note	Rupees	Rupees
<b>22. LONG TERM FINANCING - OTHERS</b>			
Banking companies and other financial institutions-Secured	22.1	-	26,555,333
Banking companies and other financial institutions-Unsecured	22.2	-	-
Term finance certificates (TFC)-Secured	22.3	-	-
		-	26,555,333
<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
		878,359,773	878,359,773
Less: Current portion shown under current liabilities	29	878,359,773	851,804,440
		-	26,555,333

- 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 7 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.
- 22.1.4.** This represents a facility of Rs. 137.5 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. 62.5 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 31 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 December 2009 and expired on 31 December 2012.

# Trust Investment Bank Limited

- 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 2013.
- 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	2014 Rupees	2013 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 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 four 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.35.5 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 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>2014</b>	<b>2013</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		-	-
		<b>230,583,980</b>	230,583,980
Less: Current portion shown under current liabilities	<b>29</b>	<b>230,583,980</b>	230,583,980
		-	-

**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.

		<b>2014</b>	<b>2013</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>23. LONG TERM MORABAHA</b>			
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>22,371,263</b>	32,345,202
Unsecured		<b>165,995,179</b>	212,913,669
- Individuals		<b>3,100,000</b>	8,700,000
	<b>24.1</b>	<b>191,466,442</b>	253,958,871
Less: Current portion shown under current liabilities	<b>29</b>	<b>178,470,179</b>	228,988,669
		<b>12,996,263</b>	24,970,202



		Gratuity		Leave Encashment	
		2014	2013	2014	2013

-----Rupees-----

### 25.3. Staff service cost expense charged in the profit & loss account

Current service cost		<b>1,151,018</b>	2,725,250	-	1,159,193
Interest cost		<b>217,055</b>	926,606	-	-
Expected return on Planned assets	<b>25.5</b>	-	(365,637)	-	-
		<b>1,368,073</b>	<b>3,286,219</b>	-	<b>1,159,193</b>

### 25.4. Staff service cost expense charged in other comprehensive income

Remeasurement of Planned obligation					
Actuarial gain/(losses) from change in					
- demographic assumptions		-	-	-	-
Actuarial gain/(losses) from change in					
- financial assumptions		-	-	-	-
Experience adjustments		2,117,915	82,256	-	-
		<b>2,117,915</b>	<b>82,256</b>	-	-
Interest income on Planned assets		-	365,637	-	-
		<b>2,117,915</b>	<b>447,893</b>	-	-

25.5. Qualified actuary carried out the valuation as on 30 June 2014 using the Projected Unit Credit Method. Following significant assumptions have been used:

		Gratuity		Leave encashment	
		2014	2013	2014	2013

-----Per annum-----

Discount rate		<b>13.5%</b>	10.5%	<b>13%</b>	13%
Expected rate of increase in salary		<b>12.5%</b>	9.5%	<b>12%</b>	12%
Expected rate of return on Planned assets		<b>10.5%</b>	13.0%	-	-
Average number of leaves utilized per annum		-	-	-	8 Days
Expected average remaining years until vesting as on 30 June		<b>15 years</b>	15 years	-	-

### 26. LONG TERM DEPOSITS

	Note	2014 Rupees	2013 Rupees
Margin against letters of guarantee		<b>135,698,512</b>	150,997,616
Less: Current portion shown under current liabilities	<b>29</b>	<b>135,698,512</b>	139,396,555
		-	11,601,061
Deposits against lease arrangements	<b>26.1</b>	<b>324,048,339</b>	407,511,360
Less: Current portion shown under current liabilities	<b>29</b>	<b>324,048,339</b>	357,687,845
		-	49,823,515
		-	61,424,576

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

### 27. SHORT TERM BORROWINGS

Banking companies and other financial institutions:

Running finances - secured	<b>27.1</b>	<b>39,413,532</b>	39,413,532
----------------------------	-------------	-------------------	------------

27.1. Total limit against running finances amounting to Rs. 40 million (2013: Rs. 40.00 million). This carry mark-up @ 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% per annum (2013: 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.

# Trust Investment Bank Limited

	Note	2014 Rupees	2013 Rupees
<b>28. SHORT TERM CERTIFICATES OF INVESTMENT</b>			
- Financial institutions		12,850,006	12,850,006
- Corporate		1,099,838,536	1,358,107,680
- Individuals		25,750,815	28,398,282
		<u>1,138,439,357</u>	<u>1,399,355,968</u>

**28.1.** These represent unsecured short term certificates of investment for a period of one months to one year. These carry mark-up rate ranging from 0% to 18.75% (Restated 2013: 0% to 18.75%) per annum.

## 29. CURRENT MATURITIES OF NON CURRENT LIABILITIES

Long term financing from banking companies & financial institutions

Secured	22.1	878,359,773	851,804,440
Unsecured	22.2	17,251,959	17,251,959
Term finance certificates-Secured	22.3	230,583,980	230,583,980
Long term morabaha	23	15,500,000	15,500,000
Certificates of investment	24	178,470,179	228,988,669
Long term deposits	26	459,746,851	497,084,400
		<u>1,779,912,742</u>	<u>1,841,213,448</u>

## 30. MARK-UP ACCRUED

### Secured

- Short and long term financing		89,375,472	89,375,472
- Term finance certificates	30.1	16,913,910	16,913,910
- Certificates of investment		-	196,278
		<u>106,289,382</u>	<u>106,485,660</u>

### Unsecured

- Certificates of investment		162,680,220	140,684,631
		<u>268,969,602</u>	<u>247,170,291</u>

30.1. It includes Rs. 1,986,254/- (2013: 1,986,254) payable to Trust Capital (Pvt.) Limited (Subsidiary company)

## 31. TRADE AND OTHER PAYABLES

Advance receipt against finance facilities	31.1	8,064,822	8,064,822
Unclaimed dividend		3,096,984	3,096,984
Preference dividend payable		58,023,278	58,023,278
Accrued liabilities		16,517,299	11,575,105
Other liabilities	31.2, 31.3	77,461,275	98,427,241
		<u>163,163,658</u>	<u>179,187,430</u>

**31.1** These represent initial security deposit received against financing facilities

**31.2.** These include withholding tax payable Rs.19.966 million (2013: Rs.17.529 million), central excise duty payable Rs. 6.968 million (2013: Rs. 5.020 million) and Zakat payable Rs. 3,499/- (2013: Rs.3,499/-).

**31.3.** It also includes Rs. 1.897 Million (2013 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

- The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 574.848 million (2013: Rs. 1,235.752 million)
- The Company has filed recovery suits amount to Rs. 1,428.42 million (2013: Rs. 1,654.98 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	396.5
The bank of Punjab	315.5
Levi's Strauss Pakistan (Pvt.) Limited	100.0
Punjab Provincial Co-operative Bank Limited	103.0
Shifa Co-operative Housing Society	5.0
Shifa international Hospital	10.0
Trading Corporation of Pakistan	95.7
House Building Finance Company	6.6
Summit Bank Limited	95.9
IGI Investment Bank Limited	73.0
Standard Chartered Bank Limited	56.3
Kasb Bank Limited	26.2
National Transmission and Distribution Company	118.8
Lyari Development Authority	168.8

- (c) The delayed payment of income tax withheld and CED may attract additional surcharge and penal action (refer note # 31.2).
- (d) The company has not provided for mark-up of Rs. 371.928 in preceding year and Rs.296.594 million during the year 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 due to pending litigations. Had the markup been provided net loss for the year would have been increased by Rs. 296.594 million, mark up payable and accumulated losses would have been increased by Rs. 668.522 million;

## 32.2. Commitments

32.2.1 There exists no commitment as at balance sheet date.

## 33. INCOME FROM LEASE OPERATIONS

	Note	2014 Rupees	2013 Rupees
Finance lease income		52,671,757	13,831,616
Commitment and other fees		65,000	12,932
Miscellaneous lease income	33.1	709,178	4,456,989
		<u>53,445,935</u>	<u>18,301,537</u>

### 33.1. Miscellaneous lease income

Additional mark up on overdue lease rentals	<u>709,178</u>	<u>4,456,989</u>
---	----------------	------------------

## 34. INCOME FROM INVESTMENTS

Profit on short term placements	117,506	127,599
Profit on long term investments	1,402,891	1,702,673
	<u>1,520,397</u>	<u>1,830,272</u>

## 35. INCOME FROM TERM LOANS

### Mark- up earned on long term loans

Employees	57,739	221,088
Customers	7,969,530	11,313,013
	8,027,269	11,534,101

### Mark- up earned on short term loans

Customers	52,624,066	31,566,535
	<u>60,651,335</u>	<u>43,100,636</u>

## 36. FINANCE COST

Amortisation of initial cost	-	1,880,935
Mark-up on certificates of investment	5,419,748	22,943,500
Bank charges and commission	8,020,761	23,676,390
Amortization of preference shares cost	-	1,393,420
	<u>13,440,509</u>	<u>49,894,245</u>

# Trust Investment Bank Limited

	Note	2014 Rupees	2013 Rupees Restated
<b>37. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other benefits	37.1 & 37.2	30,359,540	52,497,795
Printing and stationery		1,159,764	1,013,914
Vehicle running and maintenance		2,414,259	8,121,039
Postage, telephone and telex		852,753	1,210,013
Traveling and conveyance		1,716,326	2,026,800
Boarding and lodging		739,231	636,414
Entertainment		1,072,258	822,198
Advertisement		122,510	344,040
Electricity, gas and water		1,606,853	2,698,046
Newspapers and periodicals		11,885	18,396
Auditors' remuneration	37.3	1,500,000	1,500,000
Fee and subscription		1,177,256	1,027,389
Rent, rates and taxes		1,201,700	4,588,729
Insurance		469,488	889,255
Office maintenance		1,578,882	3,395,812
Legal and professional charges		20,167,876	11,268,474
Security charges		280,550	528,494
Staff training		4,700	23,490
Depreciation on property, plant and equipment	6.1	7,000,784	7,845,747
Amortization of intangible assets	6.4	105,864	105,864
Miscellaneous		4,376,182	5,694,685
		<u>77,918,661</u>	<u>106,256,594</u>

**37.1.** It includes provision for gratuity and compensated leave absences amounting to Rs. 1.368 million and Rs. Nil respectively (Restated 2013: Rs. 3.286 million and Rs. 1.159 million respectively).

**37.2.** Prior year figures have been restated as per requirement of IAS-19 "Employees Benefit".

### 37.3. Auditors' remuneration

	Note	2014 Rupees	2013 Rupees
Audit fee:			
Annual		800,000	800,000
Half yearly review		350,000	350,000
Out of pocket expenses		350,000	350,000
		<u>1,500,000</u>	<u>1,500,000</u>

### 38. OTHER INCOME

Loss on disposal of fixed assets		(188,592)	(699,011)
Commission income		20,692,202	16,052,738
Profit on bank deposits		392,454	324,606
Profit on settlement		65,280,831	45,834,298
Miscellaneous gain / (loss)	38.1	6,517,849	(1,132,999)
		<u>92,694,744</u>	<u>60,379,632</u>

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

### 39. OTHER OPERATING EXPENSES

These represent lease receivables written off during the year.

		2014 Rupees	2013 Rupees
<b>40. PROVISION AGAINST LEASE AND TERM LOAN</b>	<b>Note</b>		
Provision for potential lease losses		52,374,476	46,564,883
Provision for loans and advances		2,576,617	2,233,903
Provision for other receivable		23,096,176	51,526,747
		<u>78,047,269</u>	<u>100,325,533</u>
		<b>2014 Rupees</b>	<b>2013 Rupees Restated</b>
<b>41. IMPAIRMENT IN THE VALUE OF INVESTMENT</b>	<b>Note</b>		
Charge of impairment of investment in subsidiary		16,453,184	19,374,691
Charge of impairment of investment in shares		833,874	15,139,016
Reversal of impairment in the value of investment in TFC,s		(3,522,000)	(66,478,000)
		<u>13,765,058</u>	<u>(31,964,293)</u>
<b>42. PROVISION FOR TAXATION</b>			
Current tax			
For the year	42.1	1,432,202	398,049
		<u>1,432,202</u>	<u>398,049</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. PROFIT / (LOSS) PER SHARE

#### 43.1. Earning per share - basic

Profit / (loss) for the year after taxation	Rupees	3,985,951	(149,706,306)
Weighted average number of ordinary shares	Numbers	59,389,331	58,552,873
Profit / (loss) per share - basic	Rupees	0.07	(2.56)

#### 43.2. Earning per share - diluted

Profit / (loss) for the year after taxation	Rupees	3,985,951	(144,324,446)
Weighted average number of ordinary shares	Numbers	89,202,873	89,202,873
Profit / (loss) per share - basic	Rupees	0.04	(1.62)

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

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	-----Rupees-----					
Managerial remuneration	4,170,960	5,133,653	774,192	-	2,472,425	5,243,427
Housing and utilities	1,876,932	2,308,154	348,386	-	1,112,591	2,357,510
Bonus	417,096	-	77,419	-	247,242	-
Medical	100,000	118,191	-	-	195,000	177,955
Others	600,000	517,345	800,000	-	1,188,208	528,407
Gratuity	-	750,000	-	-	1,140,000	2,887,000
Directorship Fee	-	-	445,000	315,000	-	-
	<u>7,164,988</u>	<u>8,827,343</u>	<u>2,444,997</u>	<u>315,000</u>	<u>6,355,466</u>	<u>11,194,299</u>
<b>Number of persons</b>	<u>1</u>	<u>1</u>	<u>3</u>	<u>4</u>	<u>7</u>	<u>11</u>

44.1. In addition to the above, chief executive has also been provided with free use of Company maintained vehicles.

44.2. Fee was paid to directors for 2014 attending the board meetings amount to Rs. 445,000/- (2013: Rs.315,000/- ).



## 45.1. FINANCIAL RISK MANAGEMENT

### 45.1.1. Financial risk factors

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

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

#### (a) Market risk

##### (i) Currency risk

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

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

##### (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.

		2014 21973	2013 21005
Reporting date all index points			
		<b>Changes in KSE all Index</b>	<b>Effects on Profit Before Tax</b>
			<b>Effects on Equity</b>
Available for sale investment			(Rupees)
		+10%	-
	2014	-10%	665,160
		+10%	(665,160)
	2013	-10%	748,547
			(748,547)

##### (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:

	2014 Rupees	2013 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	8,487,377	5,306,213
Short term placements	4,000,000	4,858,663
Short term loans and advances	72,462,301	109,038,553
Long term investments	57,010,189	97,633,013
Lease rental receivables	1,015,882,828	1,208,932,641
Long term loans and advances	436,646,515	447,051,626

##### 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	8,731,571	5,550,407
Short term placements	4,000,000	4,858,663
Short term investments	1,129,005,480	1,093,005,480
Short term loans and advances-net	72,462,301	109,038,553
Markup accrued	201,981,288	203,091,749
Other receivables	183,288,213	199,205,522
Long term investments	57,010,189	97,633,013
Lease rental receivables	1,015,882,828	1,208,932,641
Long term loans and advances	436,646,515	447,051,626
	<b>3,109,008,385</b>	<b>3,368,367,654</b>

# Trust Investment Bank Limited

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:

	<b>2014</b> <b>Rupees</b>	2013 Rupees
Chemical & fertilizer	7,443,746	12,031,759
Construction / Real Estate	85,337,931	137,936,646
Financial institutions / Insurance Companies	207,863,635	335,982,046
Health care	18,658,223	30,158,368
Hotels	6,874,952	11,112,384
Individuals / auto lease	616,205,333	996,008,407
Miscellaneous manufacturing	184,942,196	298,932,795
Miscellaneous services	118,378,755	191,342,445
Natural gas & LPG	33,248,173	53,740,950
Paper & board	6,876,783	11,115,343
Steel & engineering	11,552,995	18,673,776
Sugar & allied	19,455,099	31,446,405
Textile composite	18,465,283	29,846,508
Textile knitwear / apparel	96,215,593	155,518,841
Textile spinning	12,609,773	20,381,908
Transport & communication	204,965,580	331,297,751
	<b>1,649,094,050</b>	<b>2,665,526,332</b>

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	6,158,369	94,400,828
Past due 181 - 365 days	383,432	37,925,799
1 - 2 years	1,255,020	96,719,428
More than 2 years	1,612,447,599	763,469,126
	<b>1,620,244,420</b>	<b>992,515,181</b>

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

Past due 0 - 180 days	-	-
Past due 181 - 365 days	204,634	-
1 - 2 years	359,979	156,024,491
More than 2 years	1,115,672,450	581,115,946
	<b>1,116,237,063</b>	<b>737,140,437</b>

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

	2014				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid-collaterals	
					Rupees
Long term finances	38,228,008	29,800,000	330,000,000	5,150,000	(326,721,992)
Short term finances	72,462,301	13,800,000	-	45,000,000	13,662,301
Lease rental receivables	1,539,682,754	145,902,288	154,754,792	151,142,300	1,087,883,374

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

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

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

Banks	Rating		2014	2013
	Long term	Agency	(Rupees)	
Summit Bank Limited	A-	JCR	10,169	10,169
Habib Bank Limited	AAA	JCR	188,084	188,084
Habib Metropolitan Bank	AA+	PACRA	45,115	45,115
MCB Bank Limited	AAA	PACRA	5,327,645	213,101
NIB Bank Limited	A+	PACRA	1,486,771	1,367,557
Standard Chartered Bank	AAA	PACRA	5,517	5,517
State Bank of Pakistan			826	826
Burj Bank Limited	A	JCR	1,647,977	3,700,514
KASB Bank Limited	BBB	PACRA	13,839	13,839
Bank Al Habib Limited	AA+	PACRA	4,807	4,864
JS Bank Limited	A+	PACRA	821	821
			<u>8,731,571</u>	<u>5,550,407</u>

Sukuks / Bonds	Rating		2014	2013
	Long term	Agency	(Rupees)	
Eden Housing Limited-Sukuks			9,843,750	21,562,500
<b>Term finance certificates</b>				
Azgard Nine Limited	D	PACRA	<u>30,485,310</u>	<u>30,485,310</u>

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

### (c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. In spite of 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 2014</b>					
Customers' security deposits	324,048,339	-	324,048,339	-	-
Trade and other payables	102,043,396	-	102,043,396	-	-
	<u>426,091,735</u>	-	<u>426,091,735</u>	-	-
<b>30 June 2013</b>					
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>	-

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 2014. 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.

# Trust Investment Bank Limited

## 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 2014</b>						
<b>Assets as per balance sheet</b>						
Cash and bank balances	8,852,265	-	-	-	-	8,852,265
Short term placements	-	4,000,000	-	-	-	4,000,000
Short term loans and advan	-	72,462,301	-	-	-	72,462,301
Markup accrued	-	201,981,288	-	-	-	201,981,288
Other receivables	-	183,288,213	-	-	-	183,288,213
Long term investments	-	-	22,624,490	40,329,060	-	62,953,550
Lease rental receivables	-	1,015,882,828	-	-	-	1,015,882,828
Long term loans and advan	-	436,646,515	-	-	-	436,646,515
	8,852,265	1,914,261,145	22,624,490	40,329,060	-	1,986,066,960

### Financial liabilities at amortized cost

(Rupees)

#### Liabilities as per balance sheet

Customers' security deposits	324,048,339
Long term financing-subordinated loan	2,357,958,476
Long term financing-preference shares	206,125,000
Long term financing-others	1,126,195,712
Long term morabaha	15,500,000
Long term certificates of investment	191,466,442
Short term borrowings	39,413,532
Short term certificates of investment	1,138,439,357
Trade & other payables	102,043,396
	5,501,190,254

## As at 30 June 2013

### Assets as per balance sheet

	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit	Total
<b>As at 30 June 2013</b>						
<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 advan	-	109,038,553	-	-	-	109,038,553
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 advan	-	447,051,626	-	-	-	447,051,626
	5,642,474	2,172,178,754	-	97,633,013	-	2,275,454,241

### 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 and other payables	118,067,168
	5,362,785,462

#### 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 2014. The Company expects that it would be able to meet such enhanced requirement through profitable operations in future.

	<b>2014</b>	2013
	<b>Rupees</b>	Rupees
<b>46. CASH AND EQUIVALENTS</b>		
Cash and bank balances	8,852,265	5,642,474
Short term running finance	<b>(39,413,532)</b>	<b>(39,413,532)</b>
	<b><u>(30,561,267)</u></b>	<b><u>(33,771,058)</u></b>

#### 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>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Mr. Asif Kamal</b>		
Share capital as on June 30	71,065,510	71,065,510
Subordinate Loan	1,253,282,851	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>Habib Rafiq (Pvt) Limited</b>		
Letter of Guarantees issued during the year	97,000,000	335,720,521
Letter of Guarantees outstanding as at June 30	171,955,042	429,100,583
Income charged during the year	3,723,080	6,363,561
<b>Maple Leaf Cement Factory Limited</b>		
Letter of Guarantees outstanding as at June 30	-	40,000,000
Income charged during the year	-	299,182
<b>Others</b>		
<b>Employees' retirement fund</b>		
Contribution made	-	10,066,203
<b>Subsidiary Company</b>		
<b>Tricon Developers Limited</b>		
Amount due against leases	-	134,376
Finance income charged during the period	-	3,306
Deposit against lease arrangements	-	189,000
Long term financing - subordinated loan as on June 30	100,000,000	100,000,000
<b>Trust Capital (Private) Limited</b>		
Loan (Recovered) / paid during the period	(130,100,000)	(4,514,000)
Outstanding loans and advances as at June 30	51,073,829	176,256,664
Outstanding TFC,s	9,371,250	9,371,250
Mark-up payable on TFC,s (overdue more than 365 days)	1,986,254	1,986,254

# Trust Investment Bank Limited

## 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.

	-----2014-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operations	53,445,935	-	53,445,935
Income from investments	-	1,520,397	1,520,397
Income from term loans	60,651,335	-	60,651,335
<b>Total income for reportable segments</b>	114,097,270	1,520,397	115,617,667
Finance cost	5,419,748	8,020,761	13,440,509
Administrative and operating expenses	74,845,419	3,073,242	77,918,661
Lease receivables written off	19,722,761	-	19,722,761
Provision for potential lease losses and term finances	78,047,269	-	78,047,269
Impairment on available for sale investment	-	13,765,058	13,765,058
Other income	6,517,849	86,176,895	92,694,744
<b>Segment result</b>	<b>(57,420,078)</b>	<b>62,838,231</b>	<b>5,418,153</b>
<b>Profit before taxation</b>			<b>5,418,153</b>

	-----2014-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Segment assets	2,048,791,570	142,828,692	2,191,620,262
Unallocated assets			2,495,066,351
			<u>4,686,686,613</u>
Segment liabilities	3,523,567,720	1,163,910,620	4,687,478,340
Unallocated liabilities			1,079,564,654
			<u>5,767,042,994</u>

	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operations	18,301,537	-	18,301,537
Income from investments	-	1,830,272	1,830,272
Income from finances / loans	43,100,636	-	43,100,636
<b>Total income for reportable segments</b>	61,402,173	1,830,272	63,232,445
Finance cost	24,824,435	25,069,810	49,894,245
Administrative and operating expenses	103,183,352	3,073,242	106,256,594
Lease receivables written off	48,408,255	-	48,408,255
Provision for potential lease losses and term finances	100,325,533	-	100,325,533
Impairment on available for sale investment	-	(31,964,293)	(31,964,293)
Other income	1,132,999	(61,512,631)	(60,379,632)
<b>Segment result</b>	<b>(216,472,401)</b>	<b>67,164,144</b>	<b>(149,308,257)</b>
<b>Loss before taxation</b>			<b>(149,308,257)</b>

	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Segment assets	2,290,383,021	152,196,314	2,442,579,335
Unallocated assets			<u>1,995,811,221</u>
			<u>4,438,390,556</u>
Segment liabilities	2,861,892,095	1,440,401,170	4,302,293,265
Unallocated liabilities			<u>1,218,321,708</u>
			<u>5,520,614,973</u>

#### 49. EXPOSURE EXCEEDING 20% OF EQUITY

Below is the outstanding exposure exceeding 20% of equity:

	Amount ( in Rupees)
Ali Pervaiz and Associates	393,125,286/-

#### 50. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 09, 2014 by the Board of Directors.

#### 51. GENERAL

51.1. The total average no of employees during the year ended are as follows:

	No. of employees	
	2014	2013
Average no of employees during the year	43	65
No. of employees as at 30 June	45	68

51.2. Nomenclature of the following heads have been changed in these financial statements

Previous nomenclature	Current nomenclature
Other operating income	Other income
Investment in financial instruments	Investment in Term Finance Certificates and Sukuks
Advances to employees	Advances to employees and others

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

CHIEF EXECUTIVE

DIRECTOR





# **Consolidated Financial Statements**

Trust Investment Bank Limited  
(For Year Ended June 30, 2014)

## 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, 2014** 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 unaudited initially signed 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 unaudited initially signed 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) as described in note 1.1.2 to the financial statements, the financial statements have been prepared on going concern basis. As at balance sheet date, the Company has accumulated losses amounting to Rs. 2,292.725 million (2013: Restated Rs.2,293.796 million), shareholder's equity is negative by Rs. 1,098.867 million (2013: Restated Rs.1,100.736 million), its current liabilities exceed its current assets by Rs. 756.473 million (2013: Rs. 949.775 million) and overdue installments of financing from banking companies & financial institutions and term finance certificates (TFC) are amounting to Rs. 1,132.324 million (2013: 1,105.769 million). The company is facing operational & financial crisis. Moreover, the company is defendant / petitioner in various law suits as mentioned in note # 32 to the financial statements. 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. These factors, along with mentioned in (b) to (e) 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 (2013: 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 and net profit for the year would have been decreased by Rs. 515.932 million and accumulated losses would have been increased by the same amount;
- c) properties of various landlords amounting to Rs. 1,248.67 million have been injected by the sponsor directors in the form of subordinated loan in these financial statements (Refer note 21.2). Properties amounting to Rs. 779.756 million still have not been transferred in the name of the Company.
- d) we could not satisfy ourselves regarding short term investment in shares of Tricon Developers Limited (a subsidiary) amounting to Rs 1,129.005 million (refer note 14), related subordinated loan from sponsors amounting to Rs. 1,253.282 million (refer note 21) 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) are taken in accordance with face value of these shares at the rate of Rs.10/- per share. The breakup value is significantly lower than the face value of these shares, as per available audited financial statements of Tricon Developers Limited for the year ended June 30, 2013. However, no adjustment to that effect has been made in these financial statements. Financial impact of the same is impracticable in the absence of relevant information.
- e) the company has neither provided the audited financial statements of the Tricon Developers Limited for the year ended June 30, 2014 nor prepared the consolidated financial statements with the Tricon Developers Limited (refer note 14) to the consolidated financial statements. So we are unable to quantify the consolidated financial effect in the absence of the relevant record.
- f) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (e) above, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- g) in our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (e) 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 except for the changes as stated in note 5.15 to the annexed financial statements.
  - 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;
- h) 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 '(e)' above, the consolidated statements do not present fairly, the financial position of TRUST INVESTMENT BANK LIMITED and its subsidiary company as at June 30, 2014 and the result 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, 2014

ASSETS	Note	2014 Rupees	2013 Rupees (Restated)
<b>Non-current assets</b>			
Fixed assets	6	1,494,426,529	996,409,665
Long term investments	7	33,193,410	154,675,534
Long term loans and advances	8	3,815,975	8,395,333
Net investment in lease finance	9	-	-
Long term deposits		5,893,218	6,413,458
Deferred tax asset	10	515,931,678	515,931,678
<b>Total non-current assets</b>		<b>2,053,260,810</b>	<b>1,681,825,668</b>
<b>Current assets</b>			
Current maturities of non - current assets	11	1,058,847,589	1,277,848,272
Short term loans and advances	12	72,462,301	109,038,553
Short term placements	13	4,000,000	4,858,663
Short term investments	14	1,129,005,480	1,103,131,980
Short term prepayments		11,219,215	28,209,191
Markup accrued	15	201,981,288	203,091,749
Taxation - net		1,669,382	2,984,337
Other receivables	16	132,214,384	22,948,859
Cash and bank balances	17	12,399,322	5,846,666
		<b>2,623,798,961</b>	<b>2,757,958,270</b>
Assets classified as held for sale		-	-
<b>Total current assets</b>		<b>2,623,798,961</b>	<b>2,757,958,270</b>
<b>TOTAL ASSETS</b>		<b>4,677,059,771</b>	<b>4,439,783,938</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	18	892,028,729	892,028,729
Reserves	19	(1,990,896,610)	(1,992,764,646)
		<b>(1,098,867,881)</b>	<b>(1,100,735,917)</b>
<b>Surplus on revaluation of fixed assets-net</b>	20	<b>18,511,500</b>	<b>18,511,500</b>
<b>Non-current liabilities</b>			
Long term financing-subordinated loan	21	2,357,958,476	1,696,282,851
Long term financing-others	22	-	26,555,333
Long term morabaha	23	-	-
Long term certificates of investment	24	12,996,263	24,970,202
Deferred liabilities	25	6,189,364	5,041,342
Long term deposits	26	-	61,424,576
<b>Total non-current liabilities</b>		<b>2,377,144,103</b>	<b>1,814,274,304</b>
<b>Current liabilities</b>			
Short term borrowings	27	39,413,532	39,413,532
Short term certificates of investment	28	1,138,439,357	1,399,355,968
Current maturities of non current liabilities	29	1,770,541,492	1,831,842,198
Mark-up accrued	30	266,983,348	243,690,544
Trade and other payables	31	164,894,320	193,431,809
<b>Total current liabilities</b>		<b>3,380,272,049</b>	<b>3,707,734,051</b>
		<b>5,757,416,152</b>	<b>5,522,008,355</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	32	-	-
		<b>4,677,059,771</b>	<b>4,439,783,938</b>

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

CHIEF EXECUTIVE

DIRECTOR

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

Income	Note	2014 Rupees	2013 Rupees (Restated)
Income from lease operations	33	53,445,935	18,301,537
Income from investments	34	1,520,397	1,830,272
Income from brokerage		-	5,255,303
Income from term loans	35	60,651,335	43,100,636
		<u>115,617,667</u>	<u>68,487,748</u>
Finance cost	36	13,443,607	51,558,224
		<u>102,174,060</u>	<u>16,929,524</u>
Administrative and operating expenses	37	94,482,816	111,741,444
		<u>7,691,244</u>	<u>(94,811,920)</u>
<b>Other income</b>	38	92,808,813	61,028,263
		<u>100,500,057</u>	<u>(33,783,657)</u>
Other operating expenses	39	19,722,761	48,408,255
<b>Operating profit / (loss) before provisions and taxation</b>		<u>80,777,296</u>	<u>(82,191,912)</u>
Provision against lease and term loan	40	78,047,269	100,325,533
Reversal of impairment in the value of investment	41	(2,688,126)	(51,338,984)
		<u>75,359,143</u>	<u>48,986,549</u>
<b>Profit / (loss) before taxation</b>		<u>5,418,153</u>	<u>(131,178,461)</u>
Provision for taxation	42	1,432,202	398,049
<b>Profit / (loss) after taxation</b>		<u>3,985,951</u>	<u>(131,576,510)</u>
<b>Earnings / (loss) per share - basic</b>	43	<u>0.06</u>	<u>(2.34)</u>
<b>Earnings / (loss) per share - diluted</b>	43	<u>0.04</u>	<u>(1.48)</u>

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

CHIEF EXECUTIVE

DIRECTOR

# Trust Investment Bank Limited

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	5,418,153	(131,178,461)
<b>Adjustments for non cash / non operating items:</b>		
Depreciation and amortization	7,374,050	8,366,068
Amortization of initial transaction cost over term finance certificates	-	1,880,935
Provision for staff service cost	3,485,988	4,641,020
Provision for potential lease and term loan losses	78,047,269	100,325,533
Lease receivables written off	19,722,761	48,408,255
Finance cost	13,443,607	49,894,245
Loss on disposal of fixed assets	188,592	699,011
Profit on settlement	(65,280,831)	(45,834,298)
Reversal of impairment in the value of investment	(2,688,126)	(51,338,984)
Effect of change in accounting policy (ref note 5.15)	-	(4,914,290)
	<b>54,293,310</b>	<b>112,127,495</b>
<b>Operating (loss) / profit before working capital changes</b>	<b>59,711,463</b>	<b>(19,050,966)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>(Increase) / decrease in assets:</b>		
Long term loans and advances	186,006	13,437,060
Net investment in lease finance	22,190,457	211,211,148
Short term loans and advances	36,576,252	132,526,077
Short term placements	858,663	30,141,337
Short term investments	10,126,500	-
Short term prepayments	16,989,976	6,272,207
Markup accrued	1,110,461	23,725,052
Other receivables	(80,701,518)	(120,732,754)
	<b>7,336,797</b>	<b>296,580,127</b>
<b>Increase / (decrease) in liabilities:</b>		
Certificates of investment	(157,863,826)	(323,755,251)
Trade and other payables	(28,537,493)	(37,388,518)
	<b>(179,064,522)</b>	<b>(64,563,642)</b>
<b>Cash (used in) / generated from operations</b>	<b>(119,353,059)</b>	<b>(83,614,608)</b>
Finance cost paid	(6,868,407)	(64,782,963)
Taxes paid	(117,247)	(182,026)
Staff service cost paid	(2,337,966)	(4,415,872)
	<b>(9,323,620)</b>	<b>(69,380,861)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(128,676,679)</b>	<b>(152,995,469)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(342,392)	(15,900,615)
Long term investments	141,718,750	81,479,552
Long term deposits	520,240	(439,700)
Proceeds from disposal of:		
Fixed assets	1,657,112	83,767,661
<b>Net cash generated from / (used in) investing activities</b>	<b>143,553,710</b>	<b>148,906,898</b>

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	(8,324,375)	-
Redemption of term finance certificates	-	-
Dividend	-	(2,774)
<b>Net cash used in financing activities</b>	<b>(8,324,375)</b>	<b>(2,774)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>6,552,656</b>	<b>(4,091,345)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(33,566,866)</b>	<b>(29,475,521)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(27,014,210)</b>	<b>(33,566,866)</b>
<b>46</b>		

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

**CHIEF EXECUTIVE**

**DIRECTOR**

# Trust Investment Bank Limited

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit / (Loss) after taxation for the year	3,985,951	(131,576,510)
Other comprehensive income / (loss)		
Transferred from surplus on revaluation of fixed assets to accumulated loss-net of tax	-	862,270
Transfer to statutory reserve	(797,190)	-
Item not to be reclassified to profit and loss account - in subsequent period Actuarial loss on gratuity fund	(2,117,915)	(447,893)
<b>Total comprehensive income / (loss) for the year</b>	<b>1,070,846</b>	<b>(131,162,133)</b>

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

CHIEF EXECUTIVE

DIRECTOR



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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 withdrawn the long term (previously "D") and short term (previously "D") credit rating since November 19, 2012.

**1.1.2** The financial statements for the year ended June 30, 2014 reflect profit after taxation of Rs. 3.986 million and as of the said date, the accumulated losses of the company amounts to Rs. 2,292.72 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. Hence these financial statements are prepared on going concern basis.

#### 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 6th Floor, M M Tower, 28 - A / K, Gulberg II, 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 7	Financial Instruments: Disclosures - (Amendments)
IAS 1	Presentation of Financial Statements - (Amendment)
IAS 19	Employee Benefits (Revised)
IFRIC 20	Stripping Cost in the Production Phase of a Surface Mine.

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)	1-Jan-15
IFRS 10	Consolidated Financial Statements	1-Jan-15
IFRS 11	Joint Arrangements	1-Jan-15
IFRS 12	Disclosure of Interest in Other Entities	1-Jan-15
IFRS 13	Fair Value Measurement	1-Jan-15
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	1-Jan-16
IAS 16 & 41	Agriculture Bearer Plants	1-Jan-16
IAS 19	Employee Benefits (Amendment)	1-Jul-14
IAS 27	Separate Financial Statements (Revised)	1-Jan-15
IAS 28	Investment in Associates and Joint Ventures (Revised)	1-Jan-15
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendment)	1-Jan-14
IAS-36	Recoverable amount disclosures for Non-Financial Assets (Amendment)	1-Jan-14
IAS-39	Financial Instruments: Recognition and measurement-on novation of derivatives and	1-Jan-14
IFRIC 21	Levies	1-Jan-14

## 3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014.

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 in other comprehensive income in the year in which they arise. Gratuity is payable to employees on the completion of prescribed qualifying period of service under the scheme.

During the year the Company has adopted Revised IAS 19 - "Employee Benefits". As per revised standard, actuarial gains and losses for defined benefit plans are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service cost, gains or losses on settlements, and net interest income (expenses). All other changes in the net defined benefit assets (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognized actuarial gains and losses in total in the other comprehensive income in the period in which they occur. Previously, actuarial gains and losses arising as a result of actuarial valuation were 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. This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements has been restated. The impact of the said changes on these financial statements is as under:

	2014	Rupees 2013
Net increase in profit and loss account	2,117,915	4,914,290
Net decrease in other comprehensive income	2,117,915	447,893
Net increase in accumulated losses	-	4,466,397

### 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	2014 Rupees	2013 Rupees
<b>Tangible</b>			
Property, plant and equipment	6.1	562,180,834	86,729,880
Capital work in progress	6.2	900,907,190	878,121,000
<b>Intangible assets</b>	6.4	31,338,505	31,558,785
		1,494,426,529	996,409,665

# Trust Investment Bank Limited

## 6.1. Property, plant and equipment

PARTICULARS	2014									Rate %
	C O S T				ACCUMULATED D E P R E C I A T I O N					
	As at 01 July 2013	Additions during the year	Deletions during the year	As at 30 June 2014	As at 01 July 2013	For the year	Adjustment	As at 30 June 2014	Book value as at 30 June 2014	
-----Rupees-----										
<b>Owned</b>										
Land	-	513,700,210	(31,026,877)	482,673,333	-	-	-	-	482,673,333	
Building on freehold land	73,015,000	-	(3,015,000)	70,000,000	3,537,691	3,574,060	(174,142)	6,937,609	63,062,391	5
Leasehold improvements	19,668,157	-	-	19,668,157	14,809,861	971,652	-	15,781,513	3,886,644	20
Office equipment and machines	20,095,094	342,392	(994,625)	19,442,861	14,707,008	983,939	(785,342)	14,905,605	4,537,256	20
Furniture and fixtures	13,038,428	-	(1,432,383)	11,606,045	7,191,517	574,479	(870,509)	6,895,487	4,710,558	10
Air-conditioning equipment	1,964,028	-	(1,156,844)	807,184	1,064,950	80,836	(656,932)	488,854	318,330	10
Vehicles	879,856	5,212,997	(1,971,000)	4,121,853	619,656	968,804	(458,929)	1,129,531	2,992,322	20
	<b>128,660,563</b>	<b>519,255,599</b>	<b>(39,596,729)</b>	<b>608,319,433</b>	<b>41,930,683</b>	<b>7,153,770</b>	<b>(2,945,854)</b>	<b>46,138,599</b>	<b>562,180,834</b>	

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>										
Land	-	-	-	-	-	-	-	-	-	
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>	

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	2014	2013
		Rupees	Rupees
<b>6.2. Capital work in progress</b>			
Opening Balance		878,121,000	316,432,600
Additions		240,000,000	634,851,465
		<b>1,118,121,000</b>	<b>951,284,065</b>
Disposal			
Cost		(217,213,810)	(73,163,065)
Closing balance	6.3	<b>900,907,190</b>	<b>878,121,000</b>
<b>6.3. Particulars of Capital work in progress</b>			
Tricon Corporate Centre	6.3.1	108,249,000	108,249,000
China Centre	6.3.2	12,902,400	146,872,000
Land at Adyala road Rawalpindi	6.3.3	183,755,790	267,000,000
Land at Jail Road Lahore	6.3.3	356,000,000	356,000,000
Kallar Kahar land near Hushab Road	6.3.4	240,000,000	-
		<b>900,907,190</b>	<b>878,121,000</b>

6.3.1. Capital work in progress has been revalued by M/s Synregisers (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 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 (2013: Rs. 89.737 million). Construction of Tricon Corporate Centre is still under process, as at balance sheet date.

6.3.2. This amount of represents Shop # 5 of 512 square feet at China centre, Feroz Pur Road Lahore. 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. These lands are against subordinate loan of Mr. Muhammad Akram and other landlords (refer note 21.2.3), further, an equity participation agreement has been signed between Mr. Muhammad Akram and TIBL, dated 5th June 2013. According to the term of agreement TIBL issue preference or common share in the name of Mr. Muhammad Akram against transfer of property, but due to certain reasons and legal issues the shares could not be issued in the name of said party. Subsequently, an "Addendum" is made on 16th June 2014, according to which Mr. Muhammad Akram is agree and consent that the above mentioned shares be issued in the name of Mr. Muhammad Asif Kamal, Director of TIBL. Further title of these properties has not yet been transferred in the name of the company as on balance sheet date.

6.3.4. This land was acquired through agreement between TIBL and Mr. Imran Mehmood. As per the terms of the agreement TIBL will pay upto 10% of the agreed price in cash and balance 90% in the form of issuance / transfer of shares of Trust Investment Bank Limited at par in favor of legal owner of the property. Due to certain reasons and legal issues the shares could not be issue in the name of owner of the property. Subsequently, an "Addendum" is made on 18th June, 2014, according to which Mr. Imran Mehmood is agree and consent that the said shares be issued in the name of Mr. Sajjad Rizvi, Director of TIBL. Further title of these properties has not yet been transferred in the name of the company as on balance sheet date.

## 6.4. Intangible Assets

PARTICULARS	2014							Book value as at 30 June 2014
	C O S T			A M O R T I Z A T I O N				
	As at 01 July 2013	Additions / (Deletions) during the year	As at 30 June 2014	As at 01 July 2013	For the year	Deletions	As at 30 June 2014	
-----Rupees-----								
Software Licenses	39,582,700	-	39,582,700	8,023,915	220,280	-	8,244,195	31,338,505
	<b>39,582,700</b>	<b>-</b>	<b>39,582,700</b>	<b>8,023,915</b>	<b>220,280</b>	<b>-</b>	<b>8,244,195</b>	<b>31,338,505</b>

PARTICULARS	2013							Book value as at 30 June 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	
-----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>

6.5. Following assets were disposed off during the year

-----2014-----						
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>Land</b>						
<u>Land- (4 Kanal , 15 Marla)</u>	2,880,313	2,880,313	4,583,750	1,703,437	Settlement against C	Islamabad Electric Supply Company (IESCO)
<u>Land- (9 Kanal , 15 Marla)</u>	5,861,063	5,861,063	9,408,750	3,547,687	Settlement against C	Islamabad Electric Supply Company (IESCO)
<u>Land- (4 Kanal , 15 Marla)</u>	2,850,313	2,850,313	4,583,750	1,733,437	Settlement against C	Islamabad Electric Supply Company (IESCO)
<u>Land- (4 Kanal , 14 Marla)</u>	2,820,625	2,820,625	4,535,500	1,714,875	Settlement against C	Islamabad Electric Supply Company (IESCO)
<u>Land- (14 Kanal , 18 Marla)</u>	8,906,875	8,906,875	14,378,500	5,471,625	Settlement against C	Islamabad Electric Supply Company (IESCO)
Land- (2 Kanal , 17 Marla)	1,710,188	1,710,188	2,750,250	1,040,062	Settlement against C	Islamabad Electric Supply Company (IESCO)
Land- (10 Kanal)	5,997,500	5,997,500	9,650,000	3,652,500	Settlement against	Islamabad Electric Supply Company (IESCO)
<b>Building</b>						
House At Shadbagh Lahore	2,315,000	2,315,000	12,285,240	9,970,240	Settlement against C	Mohsin Mehdi
House At Shadbagh Lahore	700,000	700,000	3,714,760	3,014,760	Settlement against C	Mohsin Mehdi
<b>Equipments</b>						
Laptop	63,500	50,377	50,377	-	Adjustment	Inter Office Laptop Loan Facility to Imran Azhar
Computers	489,775	72,090	136,300	64,210	Adjustment	Muhammad Zubair
<b>Furniture</b>						
<u>Gujrat Branch furniture</u>	326,601	122,691	117,000	(5,691)	Cash	Abdul Jabbar
Sign Boards	135,212	52,474	76,300	23,826	Cash	Asian House
Cavalry Branch furniture	154,800	54,515	84,112	29,597	Cash	Nasir Ali Bukhari
Faisal Town Branch furniture	161,620	57,920	108,700	50,780	Cash	Javed Iqbal
<u>DHA Branch furniture</u>	146,250	67,739	61,000	(6,739)	Cash	Several Persons
<b>Air-conditioning equipment</b>						
Airconditioners-Gujrat Branch	201,038	88,150	85,000	(3,150)	Cash	Nabi Noor
<u>Airconditioner-Multan Branch</u>	89,300	31,447	25,000	(6,447)	Cash	Shahid Iqbal
<b>Vehicles</b>						
Veh-Suzuki Cultus Lzs-6497	475,000	150,403	400,000	249,597	Cheque Received	Mr. Jamil Joseph
Veh-Honda Civic(Lzn-255)	950,000	902,501	700,000	(202,501)	Pay Order Received	Mr. Baha Ud Din Siquiqi
<u>Veh-Honda City ( Pool Car LZU-6490)</u>	475,000	459,166	575,000	115,834	Settlement against C	Shaziab Hassan Gardazi
<b>Assets with book value below Rs. 50,000</b>	1,886,756	1,207,524	825,450	(382,074)	Cash	Several Persons
<b>Capital work in progress</b>						
<u>China Centre Sale Of Shop No.01(190 Sq Ft) &amp; S/</u>	13,133,085	13,133,085	18,757,283	5,624,198	Adjustment	Adjusted Against COI's(Accountancy Outsourcing)
China Centre 1358 Sq. F Of Shops No.1 To 5	34,221,600	34,221,600	40,740,000	6,518,400	Adjustment	Adjusted Against COI's(MEPCO)
China Centre 1300 Sq. F Of Shops No.1 To 5	32,760,000	32,760,000	39,000,000	6,240,000	Adjustment	Adjusted Against COI's(MEPCO)
Land transfer to Work in progress for IESCO settle	28,654,915	28,654,915	38,788,691	10,133,776	Settlement against	Islamabad Electric Supply Company (IESCO)
China Centre 1000 Sq. F Of Shop No. 6	25,200,000	25,200,000	30,000,000	4,800,000	Adjustment	Adjusted Against COI's(MEPCO)
<b>2014</b>	<b>173,566,329</b>	<b>171,328,474</b>	<b>236,420,713</b>	<b>65,092,239</b>		
-----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>Building on freehold land</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 C	Muzaaffar Ahmad
<b>Leasehold improvements</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>Office Equipment and machines</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>Air-conditioning equipment</b>						
Generator ( Head Office)	1,035,000	651,486	650,000	(1,486)	Negotiation	M.M. Tower
<b>Vehicles</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 UI 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>Capital work in progress</b>						
Tricon Village House # 73 & 74	12,800,000	12,800,000	13,000,000	200,000	Settlement against C	Halid Siddiqui
Tricon Corporate Centre Office # 804	48,511,600	48,511,600	50,000,000	1,488,400	Settlement against C	Azra & Co.
Tricon Village House # 72	6,451,465	6,451,465	6,451,465	-	Settlement against C	Halid Siddiqui
Tricon Village House # 108	5,400,000	5,400,000	5,604,274	204,274	Settlement against G	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>		

# Trust Investment Bank Limited

	Note	2014 Rupees	2013 Rupees (Restated)
<b>7. LONG TERM INVESTMENTS</b>			
Investment -held for disposal	7.2	-	130,000,000
Investment in financial instruments	7.3	62,953,550	74,672,300
		<u>62,953,550</u>	<u>204,672,300</u>
Less: Impairment in the value of investments	7.4	15,972,890	18,661,016
	7.1	46,980,660	186,011,284
Less: Current portion of long term investments	11	13,787,250	31,335,750
		<u>33,193,410</u>	<u>154,675,534</u>

## 7.1. Particulars of long term investments

Long term investments-considered good		46,980,660	201,150,300
Long term investments-considered doubtful		15,972,890	3,522,000
		<u>62,953,550</u>	<u>204,672,300</u>
Less: Impairment in the value of investments	7.4	15,972,890	18,661,016
		<u>46,980,660</u>	<u>186,011,284</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>130,000,000</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 from 17 January 2010
- 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 financial instruments

### Held to maturity

#### Term finance certificates

Azgard Nine Limited	7.3.1	30,485,310	30,485,310
---------------------	-------	------------	------------

#### Sukuks

Eden Housing Limited-Sukuks	7.3.2	9,843,750	21,562,500
-----------------------------	-------	-----------	------------

#### Available for sale

##### Shares

Agritech Limited	7.3.1	22,624,490	22,624,490
		<u>62,953,550</u>	<u>74,672,300</u>

**7.3.1.** 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".

Subsequently, an agreement is signed between Azgard Nine Limited and TFC,s holders on April 12, 2012. According to the terms of agreement 646,414 shares of Agritech Limited @ Rs. 35/- per share will be transferred against adjustment of Rs. 22,624,490/- towards outstanding principle amount.

**7.3.2.** 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

	2014	2013
Note	Rupees	Rupees
<b>7.4. Impairment in the value of investments</b>		<b>(Restated)</b>
Opening balance as at July 01,	18,661,016	70,000,000
Reversal during the year	(2,688,126)	(51,338,984)
Closing balance as at June 30,	<b>7.4.1 15,972,890</b>	18,661,016
<b>7.4.1. Particulars of impairment</b>		
Azgard Nine Private Limited - TFC	-	3,522,000
Agritech Limited - shares	<b>15,972,890</b>	15,139,016
	<b>15,972,890</b>	18,661,016

# Trust Investment Bank Limited

## 8. LONG TERM LOANS AND ADVANCES

		2014	2013
	Note	Rupees	Rupees
<b>Secured:</b>			
Employees - considered good	8.1	579,608	2,371,991
Companies, organizations and individuals			
Considered good	8.2	31,180,203	39,792,931
Considered doubtful		7,047,805	7,047,805
		38,228,008	46,840,736
		38,807,616	49,212,727
<b>Un-secured:</b>			
Companies, organizations and individuals - Considered doubtful	8.3	397,838,899	397,838,899
		436,646,515	447,051,626
Less: provision against doubtful loans	8.4	403,653,029	401,076,412
		32,993,486	45,975,214
Less : current maturity	11	29,177,511	37,579,881
		3,815,975	8,395,333

**8.1.** These includes long term loans provided to employees against mortgage of property and carry mark-up ranging from 0% to 15.20% (2013: 4% to 12.50%) per annum. The maximum aggregate balance due from the Chief Executive Officer is Rs. Nil (Restated 2013: Rs. 1.2 million) and the maximum aggregate balance due from executives is Rs 0 111 million (2013: Rs 0 176 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% (2013 : 16.00% to 20.62%) per annum.

**8.3.** It includes receivables of Trust Capital (Pvt) Limited (TCPL) amounting to Rs. 393 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.

		2014	2013
	Note	Rupees	Rupees
<b>8.4. Provision against doubtful loans</b>			
Opening balance as at July 01,		401,076,412	398,842,509
Charge for the year		2,576,617	2,233,903
Reversal during the year		-	-
Closing balance as at June 30,	8.4.1	403,653,029	401,076,412
<b>8.4.1. Particulars of provision against doubtful loans</b>			
Companies, organizations and individuals		403,653,029	401,076,412

## 9. NET INVESTMENT IN LEASE FINANCE

	Notes	2014 Rupees	2013 Rupees
Lease payments receivable	9.1	1,214,753,521	1,325,705,951
Add: Residual value		324,929,233	408,586,891
<b>Gross investment in leases</b>		<b>1,539,682,754</b>	<b>1,734,292,842</b>
Less: Unearned finance income		1,726,375	5,311,508
Income suspended	9.3	133,635,056	183,984,668
Provision for lease losses	9.4	388,438,495	336,064,025
		523,799,926	525,360,201
Net investment in lease finance		1,015,882,828	1,208,932,641
Less: Current portion of net investment in lease finance	11	1,015,882,828	1,208,932,641
		-	-

### 30 June 2014

	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	1,539,682,754	-	-	1,539,682,754
Less: Unearned finance income	1,726,375	-	-	1,726,375
	1,537,956,379	-	-	1,537,956,379

### 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	1,734,292,842	-	-	1,734,292,842
Less: Unearned finance income	5,311,508	-	-	5,311,508
	1,728,981,334	-	-	1,728,981,334

9.1. The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2013: 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	2014 Rupees	2013 Rupees
<b>9.3. Income suspended</b>			
Balance at the beginning of the year		183,984,668	181,890,491
Suspended during the year		11,472,238	13,705,043
Reversal of suspension		(61,821,850)	(11,610,866)
Balance at the end of the year		<u>133,635,056</u>	<u>183,984,668</u>
<b>9.4. Provision for lease losses</b>			
Balance at beginning of the year		336,064,025	289,499,142
Provision during the year		122,808,968	50,685,285
Provision reversed during the year		(70,434,498)	(4,120,402)
Balance at the end of the year		<u>388,438,495</u>	<u>336,064,025</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	13,787,250	31,335,750
Long term loans and advances	8	29,177,511	37,579,881
Net investment in lease finance	9	1,015,882,828	1,208,932,641
		<u>1,058,847,589</u>	<u>1,277,848,272</u>
<b>12. SHORT TERM LOANS AND ADVANCES</b>			
Short term loans-Secured	12.1	53,289,126	94,687,143
Short term advances	12.2	19,173,175	14,351,410
		<u>72,462,301</u>	<u>109,038,553</u>
<b>12.1. Short term loans-Secured</b>			
Companies, organizations and individuals			
Considered good	12.1.1	53,289,126	94,687,143
Considered doubtful		650,000	650,000
		53,939,126	95,337,143
Less: Provision against doubtful loans	12.1.2	650,000	650,000
		<u>53,289,126</u>	<u>94,687,143</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% (2013 : 14.75% to 23.19%) per annum.

	Note	2014 Rupees	2013 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>19,173,175</u>	<u>14,351,410</u>
-----------------------	--	-------------------	-------------------

**13. SHORT TERM PLACEMENTS**

Repurchase agreement lendings (Reverse Repo)		7,022,877	7,022,877
TDR		3,000,000	3,000,000
Placement with First Fidelity Leasing Modarba		<u>1,000,000</u>	<u>1,858,663</u>
	<b>13.1</b>	<u>11,022,877</u>	<u>11,881,540</u>
Less: Provision against doubtful lending		<u>7,022,877</u>	<u>7,022,877</u>
		<u>4,000,000</u>	<u>4,858,663</u>

**13.1. Particulars of short term placements**

**Considered good**

Placement with First Fidelity Leasing Modarba	<b>13.2</b>	1,000,000	1,858,663
TDR	<b>13.3</b>	3,000,000	3,000,000

**Considered doubtful**

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

**13.2** This placement is made during 2011-2012 against the loan of ENPLAN with 0% mark up which will due to be settled before or on March 31, 2013. Subsequently it was setteled against the Certificate of Investments of Mr. Abdul Rasheed and the remaining balance shall be paid off in two installments of Rs. 15 Million each, one instalment 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 @ 7.5 % p.a. (2013: 9.5%)

**13.4** These were secured against fair value of quoted securities and mortgage of property. These carry mark-up at the rate of 22% (2013: 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

112,900,548 (2013: 109,300,548) fully paid ordinary shares  
of Rs. 10 each. Equity held 50.11% (2013: 48.51%)

<b>14.1</b>	<u>1,129,005,480</u>	1,093,005,480
	-	10,126,500
	<u>1,129,005,480</u>	<u>1,103,131,980</u>

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

**Short term Investment of TCPL**

(Breakup value Rs. 3.34/- per share based on available audited accounts for the year ended June 30, 2013)

**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. Also includes the Land converted into shares amounting to Rs. 476.368 million.

**14.2.** Summarised financial information of subsidiary based on unaudited available accounts for the year ended June 30, 2014 is as follows;

Aggregate amount of

	30.06.2013	30.06.2012
Assets	956,779,519	1,543,409,244
Liabilities	203,138,545	990,540,703
Revenue	20,633,074	215,067,150
Profit / (loss) for the year	200,722,433	(2,088,911,050)

# Trust Investment Bank Limited

## 15. MARKUP ACCRUED

	Note	2014 Rupees	2013 Rupees
Mark-up accrued on:			
Term finance certificates and Sukuks	15.1	536,675	1,202,748
Short term and long term loans	15.2	31,317,483	18,626,486
Investments in lease	15.3	170,070,629	183,206,014
Short term placements	15.4	56,501	56,501
		<u>201,981,288</u>	<u>203,091,749</u>
<b>15.1. Mark-up accrued on bonds and term finance certificates</b>			
Considered good		536,675	1,202,748
Considered doubtful		53,420,450	53,140,168
		<u>53,957,125</u>	<u>54,342,916</u>
Less: Suspension against doubtful receivables	15.1.1	53,420,450	53,140,168
		<u>536,675</u>	<u>1,202,748</u>
<b>15.1.1. Suspension against doubtful receivables</b>			
Opening balance as at July 01,		53,140,168	44,568,467
Suspended during the year		280,282	8,571,701
Reversed during the year		-	-
Closing balance as at June 30,		<u>53,420,450</u>	<u>53,140,168</u>
<b>15.2. Mark-up accrued on short term and long term loans</b>			
Considered good		31,317,483	18,626,486
Considered doubtful		102,335,043	102,335,043
		<u>133,652,526</u>	<u>120,961,529</u>
Less: Suspension against doubtful loans	15.2.1	102,335,043	102,335,043
		<u>31,317,483</u>	<u>18,626,486</u>
<b>15.2.1. Suspension against doubtful loans</b>			
Opening balance as at July 01,		102,335,043	48,276,687
Suspended during the year		-	54,058,356
Reversed during the year			
Closing balance as at June 30,		<u>102,335,043</u>	<u>102,335,043</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. 174.004 million (2013: Rs. 181.538 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		6,752,738	5,207,705
		<u>6,752,738</u>	<u>5,207,705</u>
Less: Suspension against doubtful placements	15.4.1	6,696,237	5,151,204
		<u>56,501</u>	<u>56,501</u>
<b>15.4.1. Suspension against doubtful placements</b>			
Opening balance as at July 01,		5,151,204	3,606,172
Suspended during the year		1,545,033	1,545,032
Closing balance as at June 30,		<u>6,696,237</u>	<u>5,151,204</u>

<b>16. OTHER RECEIVABLES</b>	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
Receivable from broker - considered good		21,143,275	21,143,275
Miscellaneous receivables from lessees:	<b>16.1</b>		
Considered good		-	22,803,954
Considered doubtful		<b>318,830,017</b>	345,202,043
		<b>318,830,017</b>	368,005,997
Other receivables			
Considered good		<b>132,254,384</b>	2,376,886
Considered doubtful	<b>16.2</b>	<b>4,625,524</b>	4,625,524
		<b>136,879,908</b>	7,002,410
		<b>476,853,200</b>	396,151,682
Less: Provision for doubtful receivables	<b>16.3</b>	<b>344,638,816</b>	373,202,823
		<b>132,214,384</b>	22,948,859

**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/- (2013: Rs. 3,920,248/-)

#### **16.3. Movement of provisions for doubtful receivable**

Opening balance as at July 01,	373,202,823	321,676,076
Charge for the year	<b>106,153,058</b>	51,957,921
	<b>479,355,881</b>	373,633,997
Written off during the year	<b>(51,660,188)</b>	-
Reversed during the year	<b>(83,056,877)</b>	(431,174)
Closing balance as at June 30,	<b>344,638,816</b>	373,202,823

#### **17. CASH AND BANK BALAN**

Cash in hand	120,694	92,067
With banks in:		
Current accounts	<b>3,791,251</b>	448,386
Deposit accounts	<b>8,487,377</b>	5,306,213
	<b>12,278,628</b>	5,754,599
	<b>12,399,322</b>	5,846,666

**17.1.** Deposit accounts carry markup rate ranging from 6.5% to 9.50% per annum (2013: 6.50% to 9.50%).

#### **18. SHARE CAPITAL**

<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>
<b>No. of shares</b>	<b>No. of shares</b>	<b>Authorized</b>	<b>Rupees</b>	<b>Rupees</b>
<b>80,000,000</b>	80,000,000	Ordinary shares of Rs. 10 each	<b>800,000,000</b>	800,000,000
<b>70,000,000</b>	70,000,000	Preference shares of Rs. 10 each	<b>700,000,000</b>	700,000,000
<b>150,000,000</b>	150,000,000		<b>1,500,000,000</b>	1,500,000,000
		<b>Issued, subscribed and paid up</b>		
<b>30,180,484</b>	20,142,984	Ordinary shares of Rs. 10 each fully paid-up in cash	<b>301,804,840</b>	201,429,840
<b>38,409,889</b>	38,409,889	Ordinary shares of Rs. 10 each issued as bonus shares	<b>384,098,889</b>	384,098,889
<b>20,612,500</b>	30,650,000	Preference shares of Rs. 10 each issued	<b>206,125,000</b>	306,500,000
<b>89,202,873</b>	89,202,873		<b>892,028,729</b>	892,028,729

# Trust Investment Bank Limited

**18.1.** Mr. Zahid Rafiq and Genesis Securities (Pvt) Limited, related parties of the Bank held 5,702,405 (9.74%) [ 2013: 5,702,405 (9.74%)] and 12,209,742 (20.85%) [ 2013: 122,097,420 (20.85%)] Ordinary shares of Rs. 10 each respectively, as at June 30,2014.

**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

	<b>2014</b>	<b>2013</b>
	<b>Rupees</b>	<b>Rupees</b>
Saudi Pak Industrial & Agricultural Investment Company	<b>15,000,000</b>	20,000,000
Pak Brunei Investment Company Limited	<b>4,875,000</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>18,750,000</b>	25,000,000
The Bank of Khyber	-	75,000,000
Allied Bank Limited	<b>37,500,000</b>	50,000,000
	<b>206,125,000</b>	306,500,000

**18.4.1.** Preference shares of AMZ will be transferred to TCPL by agreement of settlement between AMZ and TCPL. Total liability amounting to Rs. 176.933 Million , including principal and profit, will be 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. Due to non performing of said agreement till June 30, 2014, the amount has been reversed to AMZ account.

## 19. RESERVES

	Note	2014 Rupees	2013 Rupees
<b>Capital reserves</b>			
Statutory reserve	19.1	<u>240,828,097</u>	<u>240,030,907</u>
		<u>240,828,097</u>	<u>240,030,907</u>
<b>Revenue reserves</b>			
General reserve		<u>61,000,000</u>	<u>61,000,000</u>
Accumulated loss		<u>(2,292,724,707)</u>	<u>(2,293,795,553)</u>
		<u>(2,231,724,707)</u>	<u>(2,232,795,553)</u>
		<u>(1,990,896,610)</u>	<u>(1,992,764,646)</u>
<b>19.1. Statutory Reserve</b>			
Opening balance as at July 01,		<u>240,030,907</u>	<u>240,030,907</u>
Transfer from profit or loss account		<u>(797,190)</u>	<u>-</u>
Closing balance as at June 30,		<u>240,828,097</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.

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

Capital work in progress	20.1	<u>18,511,500</u>	<u>18,511,500</u>
--------------------------	------	-------------------	-------------------

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

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

**20.2.** 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>2,357,958,476</u>	<u>1,696,282,851</u>
---------------------------------------	------	----------------------	----------------------

### 21.1. Long term financing-Subordinated loan

Opening balance as at July 01,		<u>1,696,282,851</u>	<u>400,646,237</u>
Addition during the year		<u>661,675,625</u>	<u>1,295,636,614</u>
Closing balance as at June 30,	21.2	<u>2,357,958,476</u>	<u>1,696,282,851</u>

### 21.2. Particulars of subordinated loan

Loan from:			
Directors			
Asif Kamal	21.2.1	<u>1,759,282,851</u>	<u>973,282,851</u>
Mamoom -ur- Rashid	21.2.3	<u>258,675,625</u>	-
Syed Sajjad Rizvi	21.2.4	<u>240,000,000</u>	<u>100,000,000</u>
Subsidiary company -Tricon Developers	21.2.2	<u>100,000,000</u>	-
Muhammad Akram & others		-	<u>623,000,000</u>
		<u>2,357,958,476</u>	<u>1,696,282,851</u>

# Trust Investment Bank Limited

- 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). Further properties amounting to Rs. 356 million and Rs.150 million of Muhammad Akram and Muhammad Fiaz respectively have been injected for equity participation in favor of Mr. Asif Kamal through Addendum (dated 27 June 2014) to equity participation agreement (dated 20 June 2013). However, properties of Rs. 356 million have not been transferred in the name of the Company.
- 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** Properties amounting to Rs. 258.6 million of Mrs. Samina Khurram have been injected for equity participation in favor of Mr. Mamoon Ur Rasheed through Addendum (dated 27 June 2014) to equity participation agreement (dated 20 June 2013). 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. However, title of properties amounting to Rs. 183 million has not yet been transferred in the name of TIBL.
- 21.2.4** Properties amounting to Rs. 240 million of Imran Maqsood have been injected for equity participation in favor of Mr. Sajjad Rizvi through Addendum (dated 27 June 2014) to equity participation agreement (dated 20 June 2013). 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. However, title has not yet been transferred in the name of the company.

	Note	2014 Rupees	2013 Rupees
<b>22. LONG TERM FINANCING - OTHERS</b>			
Banking companies and other financial institutions-Secured	22.1	-	26,555,333
Banking companies and other financial institutions-Unsecured	22.2	-	-
Term finance certificates (TFC)-Secured	22.3	-	-
		-	26,555,333
<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
		878,359,773	878,359,773
Less: Current portion shown under current liabilities	29	878,359,773	851,804,440
		-	26,555,333

- 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 7 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.
- 22.1.4.** This represents a facility of Rs. 137.5 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. 62.5 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 31 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 December 2009 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 2013.
- 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.

# Trust Investment Bank Limited

**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	2014 Rupees	2013 Rupees
<b>22.2 Bankin com anies 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 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 four 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.35.5 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 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.

	NOTES	2014 Rupees	2013 Rupees
<b>22.3. Term finance certificates (TFC)-Secured</b>			
TFC III	22.3.1	221,212,730	221,212,730
Less: Unamortized portion of the initial transaction cost		<u>-</u>	<u>-</u>
		<u>221,212,730</u>	<u>221,212,730</u>
Less: Current portion shown under current liabilities	29	<u>221,212,730</u>	<u>221,212,730</u>
		<u>-</u>	<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.

	NOTES	2014 Rupees	2013 Rupees
<b>23. LONG TERM MORABAHA</b>			
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
		<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>22,371,263</b>	32,345,202
Unsecured		<b>165,995,179</b>	212,913,669
- Individuals		<b>3,100,000</b>	8,700,000
	<b>24.1</b>	<b>191,466,442</b>	253,958,871
Less: Current portion shown under current liabilities	<b>29</b>	<b>178,470,179</b>	228,988,669
		<u><b>12,996,263</b></u>	<u>24,970,202</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 9.85% to 22.22% (2013: 11.50% to 22.22%) per annum.

	Note	2014 Rupees	2013 Rupees (Restated)
<b>25. DEFERRED LIABILITIES</b>			
Gratuity	25.1	5,010,328	3,601,840
Leave encashment	25.2	1,179,036	1,439,502
		<u>6,189,364</u>	<u>5,041,342</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	
		2014	2013 (Restated)	2014	2013
-----Rupees-----					
<b>25.1. Amount recognized in the balance sheet</b>					
Present value of defined benefit obligation	25.1.1	4,514,424	3,105,936	1,179,036	1,439,502
Less: Fair value of planned assets	25.1.2	-	-	-	-
Add: Benefits due but not paid		495,904	495,904	-	-
		<u>5,010,328</u>	<u>3,601,840</u>	<u>1,179,036</u>	<u>1,439,502</u>
<b>25.1.1. Movement in the defined benefit obligation:</b>					
Present value of defined benefit obligation					
at beginning of the year		3,105,936	7,127,738	1,439,502	1,478,502
Current service cost for the year		1,151,018	2,725,250	-	1,159,193
Interest cost for the year		217,055	926,606	-	-
Benefits paid / discharged during the year		(2,077,500)	(7,260,010)	(260,466)	(1,198,193)
Benefits due, but not paid during the year		-	(495,904)	-	-
Gain and losses arising on planned settlements Remeasurements:		-	-	-	-
Actuarial (gains)/losses from changes in					
- demographic assumptions		-	-	-	-
Actuarial (gains)/losses from changes in					
- financial assumptions		-	-	-	-
Experience adjustments		2,117,915	82,256	-	-
		<u>4,514,424</u>	<u>3,105,936</u>	<u>1,179,036</u>	<u>1,439,502</u>
<b>25.1.2. Movement in the fair value of planned assets:</b>					
Fair value of planned assets as at 01 July		-	2,812,589		
2013 Total contributions made in the year		2,077,500	6,055,421		
Expected return on planned assets for the year		-	365,637		
Benefits paid / discharged during the year		(2,077,500)	(8,868,010)		
year Actuarial loss on assets		-	(365,637)		
		<u>-</u>	<u>-</u>		

	Gratuity		Leave Encashment	
	2014	2013	2014	2013
<b>25.2. Movement of liability:</b>	-----Rupees-----			
Balance sheet liability as at 01 July	3,601,840	5,923,149	1,439,502	1,478,502
Expense chargeable to profit & loss <b>25.3</b>	1,368,073	3,286,219	-	1,159,193
Remeasurement chargeable in = other comprehensive income <b>25.4</b>	2,117,915	447,893	-	-
Contribution made during the year	(2,077,500)	(6,055,421)	(260,466)	(1,198,193)
	<b>5,010,328</b>	<b>3,601,840</b>	<b>1,179,036</b>	<b>1,439,502</b>

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

Current service cost	1,151,018	2,725,250	-	1,159,193
Interest cost	217,055	926,606	-	-
Expected return on planned assets	-	(365,637)	-	-
	<b>1,368,073</b>	<b>3,286,219</b>	<b>-</b>	<b>1,159,193</b>

### 25.4. Staff service cost expense charged in other comprehensive income

Remeasurement of planned obligation				
Actuarial gain/(losses) from change in = demographic assumptions	=	=	=	=
Actuarial gain/(losses) from change in = financial assumptions	=	=	=	=
Experience adjustments	2,117,915	82,256	=	=
	<b>2,117,915</b>	<b>82,256</b>	<b>=</b>	<b>=</b>
Interest income on Planned assets	=	365,637	=	=
	<b>2,117,915</b>	<b>447,893</b>	<b>-</b>	<b>-</b>

25.5. Qualified actuary carried out the valuation as on 30 June 2014 using the Projected Unit Credit Method. Following significant assumptions have been used:

	Gratuity		Leave encashment	
	2014	2013	2014	2013
	-----Per annum-----			
Discount rate	13.5%	11%	13%	13%
Expected rate of increase in salary	12.5%	10%	12%	12%
Expected rate of return on planned assets	11%	13%	=	=
Average number of leaves utilized per annum	-	-	=	8 Days
Expected average remaining years until vesting as on 30 June	15 years	15 years	=	=

# Trust Investment Bank Limited

	Note	2014 Rupees	2013 Rupees
<b>26. LONG TERM DEPOSITS</b>			
Margin against letters of guarantee		135,698,512	150,997,616
Less: Current portion shown under current liabilities	29	135,698,512	139,396,555
		-	11,601,061
Deposits against lease arrangements	26.1	324,048,339	407,511,360
Less: Current portion shown under current liabilities	29	324,048,339	357,687,845
		-	49,823,515
		-	61,424,576

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

## 27. SHORT TERM BORROWINGS

Banking companies and other financial institutions:

Running finances - secured	27.1	39,413,532	39,413,532
----------------------------	------	------------	------------

**27.1.** Total limit against running finances amounting to Rs. 40 million (2013: Rs. 40.00 million). This carry mark-up @ 3 month KIBOR + 300 bps with a floor ranging from 4.5% to 10% per annum (2013: 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.

## 28. SHORT TERM CERTIFICATES OF INVESTMENT

- Financial institutions		12,850,006	12,850,006
- Corporate		1,099,838,536	1,358,107,680
- Individuals		25,750,815	28,398,282
		1,138,439,357	1,399,355,968

**28.1.** These represent unsecured short term certificates of investment for a period of one months to one year. These carry mark-up rate ranging from 0% to 18.75% (Restated:2013: 0% to 18.75%) per annum.

## 29. CURRENT MATURITIES OF NON CURRENT LIABILITIES

Long term financing from banking companies & financial institutions

Secured	22.1	878,359,773	851,804,440
Unsecured	22.2	17,251,959	17,251,959
Term finance certificates-Secured	22.3	221,212,730	221,212,730
Long term morabaha	23	15,500,000	15,500,000
Certificates of investment	24	178,470,179	228,988,669
Long term deposits	26	459,746,851	497,084,400
		1,770,541,492	1,831,842,198

## 30. MARK-UP ACCRUED

### Secured

- Short and long term financing		89,375,472	89,375,472
- Term finance certificates		14,927,656	13,434,163
- Certificates of investment		-	196,278
		104,303,128	103,005,913

### Unsecured

- Certificates of investment		162,680,220	140,684,631
		266,983,348	243,690,544

	Note	2014 Rupees	2013 Rupees (Restated)
<b>31. TRADE AND OTHER PAYABLES</b>			
Advance receipt against finance facilities	31.1	8,064,822	8,064,822
Unclaimed dividend		3,096,984	3,096,984
Preference dividend payable		58,023,278	58,023,278
Accrued liabilities		16,517,299	11,575,105
Other liabilities	31.2, 31.3	<u>79,191,937</u>	<u>112,671,620</u>
		<u><b>164,894,320</b></u>	<u><b>193,431,809</b></u>

**31.1** These represent initial security deposit received against financing facilities.

**31.2.** These include withholding tax payable Rs.19.966 million (2013: Rs.17.529 million), central excise duty payable Rs. 6.968 million (2013: Rs. 5.020 million) and Zakat payable Rs. 3,499/- (2013: Rs.3,499/-).

**31.3.** It also includes Rs. 1.897 Million (2013 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. 574.848 million (2013: Rs. 1,235.752 million).

(b) The Company has filed recovery suits amount to Rs. 1,428.42 million (2013: Rs. 1,654.98 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	396.5
The bank of Punjab	315.5
Levi's Strauss Pakistan (Pvt.) Limited	100.0
Punjab Provincial Co-operative Bank Limited	103.0
Shifa Co-operative Housing Society	5.0
Shifa international Hospital	10.0
Trading Corporation of Pakistan	95.7
House Building Finance Company	6.6
Summit Bank Limited	95.9
IGI Investment Bank Limited	73.0
Standard Chartered Bank Limited	56.3
Kasb Bank Limited	26.2
National Transmission and Distribution Company	118.8
Lyari Development Authority	168.8

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

(d) The company has not provided for mark-up of Rs. 371.928 in preceding year and Rs.296.594 million during the year 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 due to pending litigations. Had the markup been provided net loss for the year would have been increased by Rs. 296.594 million, mark up payable and accumulated losses would have been increased by Rs. 668.522 million;

### **32.2. Commitments**

**32.2.1** There exists no commitment as at balance sheet date.

# Trust Investment Bank Limited

	Note	2014 Rupees	2013 Rupees
<b>33. INCOME FROM LEASE OPERATIONS</b>			
Finance lease income		52,671,757	13,831,616
Commitment and other fees		65,000	12,932
Miscellaneous lease income	33.1	709,178	4,456,989
		<u>53,445,935</u>	<u>18,301,537</u>
<b>33.1. Miscellaneous lease income</b>			
Additional mark up on overdue lease rentals		709,178	4,456,989
		<u>709,178</u>	<u>4,456,989</u>
<b>34. INCOME FROM INVESTMENTS</b>			
Profit on short term placements		117,506	127,599
Profit on long term investments		1,402,891	1,702,673
		<u>1,520,397</u>	<u>1,830,272</u>
<b>35. INCOME FROM TERM LOANS</b>			
<b>Mark- up earned on long term loans</b>			
Employees		57,739	221,088
Customers		7,969,530	11,313,013
		8,027,269	11,534,101
<b>Mark- up earned on short term loans</b>			
Customers		52,624,066	31,566,535
		<u>60,651,335</u>	<u>43,100,636</u>
<b>36. FINANCE COST</b>			
Amortisation of initial cost		-	1,880,935
Mark-up on certificates of investment		5,419,748	22,943,500
Bank charges and commission		8,023,859	23,676,390
Brokerage finance cost		-	1,663,979
Amortization of preference shares cost		-	1,393,420
		<u>13,443,607</u>	<u>51,558,224</u>
<b>37. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
	Note	2014 Rupees	2013 Rupees (Restated)
Salaries and other benefits	37.1 & 37.2	30,862,540	57,982,645
Printing and stationery		1,159,764	1,013,914
Vehicle running and maintenance		2,414,259	8,121,039
Postage, telephone and telex		852,753	1,210,013
Traveling and conveyance		1,731,326	2,026,800
Boarding and lodging		739,231	636,414
Entertainment		1,172,258	822,198
Advertisement		122,510	344,040
Electricity, gas and water		1,606,853	2,698,046
Newspapers and periodicals		11,885	18,396
Auditors' remuneration	37.3	1,720,000	1,500,000
Fee and subscription		1,527,256	1,027,389
Rent, rates and taxes		1,201,700	4,588,729
Insurance		469,488	889,255
Office maintenance		1,578,882	3,395,812
Legal and professional charges		20,557,876	11,268,474
Security charges		280,550	528,494
Staff training		4,700	23,490
Depreciation on property, plant and equipment	6.1	7,153,770	7,845,747
Amortization of intangible assets	6.4	220,280	105,864
Advances written off		14,659,588	-
Miscellaneous		4,435,347	5,694,685
		<u>94,482,816</u>	<u>111,741,444</u>

- 37.1.** It includes provision for gratuity and compensated leave absences amounting to Rs. 1.368 million and Rs. Nil respectively (2013: Rs. 3.286 million and Rs. 1.159 million respectively).
- 37.2.** Prior year figures have been restated as per requirement of IAS-19 "Employees Benefit".

<b>37.3. Auditors' remuneration</b>	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees</b>
Audit fee:			
Annual		1,020,000	800,000
Half yearly review		350,000	350,000
Out of pocket expenses		350,000	350,000
		<u>1,720,000</u>	<u>1,500,000</u>

### **38. OTHER INCOME**

Gain / (loss) on disposal of fixed assets		(188,592)	(699,011)
Commission income		20,692,202	16,052,738
Profit on bank deposits		392,454	324,606
Profit on settlement		65,280,831	45,834,298
Dividend income		114,069	648,631
Miscellaneous gain / (loss)	<b>38.1</b>	6,517,849	(1,132,999)
		<u>92,808,813</u>	<u>61,028,263</u>

- 38.1.** This head contains income on bouncing of cheques of lessees, and ware house charges recovered from lessees.

### **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		52,374,476	46,564,883
Provision for loans and advances		2,576,617	2,233,903
Provision for other receivable		23,096,176	51,526,747
		<u>78,047,269</u>	<u>100,325,533</u>

### **41. IMPAIRMENT IN THE VALUE OF INVESTMENT**

	<b>Note</b>	<b>2014 Rupees</b>	<b>2013 Rupees (Restated)</b>
Charge of impairment of investment in shares		833,874	15,139,016
Reversal of impairment in the value of investment		(3,522,000)	(66,478,000)
		<u>(2,688,126)</u>	<u>(51,338,984)</u>

### **42. PROVISION FOR TAXATION**

- Current tax			
For the year	<b>42.1</b>	1,432,202	398,049
		<u>1,432,202</u>	<u>398,049</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.

### **PROFIT / (LOSS) PER SHARE**

#### **43.1. Earning per share - basic**

Profit / (loss) for the year after taxation	Rupees	<u>3,985,951</u>	<u>(136,958,370)</u>
Weighted average number of ordinary shares	Numbers	<u>68,590,373</u>	<u>58,552,872</u>
Profit / (loss) per share - basic	Rupees	<u>0.06</u>	<u>(2.34)</u>

#### **43.2. Earning per share - diluted**

Profit / (loss) for the year after taxation	Rupees	<u>3,985,951</u>	<u>(131,576,510)</u>
Weighted average number of ordinary shares	Numbers	<u>89,202,873</u>	<u>89,202,873</u>
Profit / (loss) per share - basic	Rupees	<u>0.04</u>	<u>(1.48)</u>

# Trust Investment Bank Limited

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

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	-----Rupees-----					
Managerial remuneration	4,170,960	5,133,653	774,192	-	2,472,425	5,243,427
Housing and utilities	1,876,932	2,308,154	348,386	-	1,112,591	2,357,510
Bonus	417,096	-	77,419	-	247,242	-
Medical	100,000	118,191	-	-	195,000	177,955
Others	600,000	517,345	800,000	-	1,188,208	528,407
Gratuity	-	750,000	-	-	1,140,000	2,887,000
Directorship Fee	-	-	445,000	315,000	-	-
	<b>7,164,988</b>	<b>8,827,343</b>	<b>2,444,997</b>	<b>315,000</b>	<b>6,355,466</b>	<b>11,194,299</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>11</b>

44.1. In addition to the above, chief executive has also been provided with free use of Company maintained vehicles.

44.2. Fee was paid to directors for attending the board meetings amount to Rs. 445,000/- (2013: Rs.315,000/- ).

## 45. MATURITIES OF ASSETS AND LIABILITIES

	2014			
	Total	Upto one year	Over one to five years	Over five years
<b>Financial assets:</b>	-----Rupees-----			
Net investment in lease finance	1,015,882,828	1,015,882,828	-	-
Long term loans and advances	436,646,515	432,830,540	3,815,975	-
Long term investments	46,980,660	13,787,250	33,193,410	-
Short term loans and advances	72,462,301	72,462,301	-	-
Short term placements	4,000,000	4,000,000	-	-
Short term investments	1,129,005,480	1,129,005,480	-	-
Markup accrued	201,981,288	201,981,288	-	-
Other receivables	132,214,384	132,214,384	-	-
Cash and bank balances	12,399,322	12,399,322	-	-
	<b>3,051,572,778</b>	<b>3,014,563,393</b>	<b>37,009,385</b>	<b>-</b>
<b>Financial liabilities</b>				
Long term certificates of investments	191,466,442	178,470,179	12,996,263	-
Long term financing	3,236,318,249	878,359,773	2,357,958,476	-
Short term certificates of investments	1,138,439,357	1,138,439,357	-	-
Short term borrowings	39,413,532	39,413,532	-	-
Mark-up accrued	266,983,348	266,983,348	-	-
Trade and other payables	103,774,058	103,774,058	-	-
	<b>4,976,394,986</b>	<b>2,605,440,247</b>	<b>2,370,954,739</b>	<b>-</b>
<b>Net Balance</b>	<b>(1,924,822,208)</b>	<b>409,123,146</b>	<b>(2,333,945,354)</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>(1,098,867,881)</b>			

	2014	2013
Reporting date all index points	21973	21005

	Changes in KSE all Index	Effects on Profit Before Tax	Effects on Equity
Held-for-trading investments			(Rupees)
	+10%	-	665,160
2014	-10%	-	(665,160)
	+10%	-	748,547
2013	-10%	-	(748,547)

**(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:

	2014 Rupees	2013 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - deposit accounts	8,487,377	5,306,213
Short term placements	4,000,000	4,858,663
Short term loans and advances	72,462,301	109,038,553
Long term investments	46,980,660	186,011,284
Lease rental receivables	1,015,882,828	1,208,932,641
Long term loans and advances	436,646,515	447,051,626

**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	12,399,322	5,846,666
Short term placements	4,000,000	4,858,663
Short term investments	1,129,005,480	1,103,131,980
Short term loans and advances-net	72,462,301	109,038,553
Markup accrued	201,981,288	203,091,749
Other receivables	132,214,384	22,948,859
Long term investments	46,980,660	186,011,284
Lease rental receivables	1,015,882,828	1,208,932,641
Long term loans and advances	436,646,515	447,051,626
	<u>3,051,572,778</u>	<u>3,290,912,021</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	7,443,746	12,031,759
Construction / Real Estate	85,337,931	137,936,646
Financial institutions / Insurance Companies	207,863,635	335,982,046
Health care	18,658,223	30,158,368
Hotels	6,874,952	11,112,384
Individuals / auto lease	616,205,333	996,008,407
Miscellaneous manufacturing	184,942,196	298,932,795
Miscellaneous services	118,378,755	191,342,445
Natural gas & LPG	33,248,173	53,740,950
Paper & board	6,876,783	11,115,343
Steel & engineering	11,552,995	18,673,776
Sugar & allied	19,455,099	31,446,405
Textile composite	18,465,283	29,846,508
Textile knitwear / apparel	96,215,593	155,518,841
Textile spinning	12,609,773	20,381,908
Transport & communication	204,965,580	331,297,751
	<u>1,649,094,050</u>	<u>2,665,526,332</u>



As at 30 June 2013	Cash and cash equivalents	Loans and receivables	Available for sale	Held to maturity	Assets at fair value through profit	Total
<b>Assets as per balance sheet</b>						
----- (Rupees) -----						
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
Markup accrued	-	203,091,749	-	-	-	203,091,749
Other receivables	-	22,948,859	-	-	-	22,948,859
Long term investments	-	-	-	74,672,300	-	74,672,300
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>74,672,300</u>	<u>-</u>	<u>2,076,441,057</u>

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

Liabilities as per balance sheet	(Rupees)
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 and other payables	<u>132,311,547</u>
<b>45.4. Capital risk management</b>	<u><u>5,367,658,591</u></u>

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 2014. The Company expects that it would be able to meet such enhanced requirement through profitable operations in future.

#### 46. CASH AND EQUIVALENTS

	2014	2013
	Rupees	Rupees
Cash and bank balances	12,399,322	5,846,666
Short term running finance	(39,413,532)	(39,413,532)
	<u>(27,014,210)</u>	<u>(33,566,866)</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:

	2014 Rupees	2013 Rupees
<b>Mr. Asif Kamal</b>		
Share capital as on June 30	71,065,510	71,065,510
Subordinate Loan	1,253,282,851	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>Habib Rafiq (Pvt) Limited</b>		
Letter of Guarantees issued during the year	97,000,000	335,720,521
Letter of Guarantees outstanding as at June 30	171,955,042	429,100,583
Income charged during the year	3,723,080	6,363,561
<b>Maple Leaf Cement Factory Limited</b>		
Letter of Guarantees outstanding as at June 30	-	40,000,000
Income charged during the year	-	299,182
<b>Others</b>		
<b>Employees' retirement fund</b>		
Contribution made	-	10,066,203
<b>Subsidiary Company</b>		
<b>Tricon Developers Limited</b>		
Amount due against leases	-	134,376
Finance income charged during the period	-	3,306
Deposit against lease arrangements	-	189,000
Long term financing - subordinated loan as on June 30	100,000,000	100,000,000

#### 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.

	-----2014-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operations	53,445,935	-	53,445,935
Income from investments	-	1,520,397	1,520,397
Income from term loans	60,651,335	-	60,651,335
<b>Total income for reportable segments</b>	<b>114,097,270</b>	<b>1,520,397</b>	<b>115,617,667</b>
Finance cost	5,419,748	8,023,859	13,443,607
Administrative and operating expenses	91,409,574	3,073,242	94,482,816
Lease receivables written off	19,722,761	-	19,722,761
Provision for potential lease losses and term finances	78,047,269	-	78,047,269
Impairment on available for sale investment	-	(2,688,126)	(2,688,126)
Other income	6,517,849	86,290,964	92,808,813
<b>Segment result</b>	<b>(87,019,931)</b>	<b>(93,179,542)</b>	<b>5,418,153</b>
<b>Profit before taxation</b>			<b>5,418,153</b>

	-----2014-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Segment assets	2,048,791,570	86,375,749	2,135,167,319
Unallocated assets			2,541,892,452
			<b>4,677,059,771</b>
Segment liabilities	3,514,196,470	1,163,910,620	4,678,107,090
Unallocated liabilities			1,097,820,562
			<b>5,775,927,652</b>

	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Income from lease operations	18,301,537	-	18,301,537
Income from investments	-	1,830,272	1,830,272
Income from brokerage	5,255,303	-	5,255,303
Income from finances / loans	43,100,636	-	43,100,636
<b>Total income for reportable segments</b>	<b>66,657,476</b>	<b>1,830,272</b>	<b>68,487,748</b>
Finance cost	24,824,435	26,733,789	51,558,224
Administrative and operating expenses	108,668,202	3,073,242	111,741,444
Lease receivables written off	48,408,255	-	48,408,255
Provision for potential lease losses and term finances	100,325,533	-	100,325,533
Impairment on available for sale investment	-	(51,338,984)	(51,338,984)
Other income	(1,132,999)	61,512,631	(61,028,263)
<b>Segment result</b>	<b>(214,435,950)</b>	<b>(38,150,406)</b>	<b>(131,178,461)</b>
<b>Loss before taxation</b>			<b>(131,178,461)</b>

# Trust Investment Bank Limited

	-----2013-----		
	Financing activities	Investment activities	Total
	-----Rupees-----		
Segment assets	2,290,383,021	92,400,506	2,382,783,527
Unallocated assets			2,057,000,411
			<u>4,439,783,938</u>
Segment liabilities	2,852,520,845	1,440,401,170	4,292,922,015
Unallocated liabilities			1,229,086,340
			<u>5,522,008,355</u>

## 49. EXPOSURE EXCEEDING 20% OF EQUITY

Below is the outstanding exposure exceeding 20% of equity:

	<b>Amount ( in Rupees)</b>
Ali Pervaiz and Associates	393,125,286/-

## 50. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 09, 2014 by the Board of Directors

## 51. GENERAL

51.1. The total average no of employees during the year ended are as follows

	<b>No. of employees</b>	
	<b>2014</b>	<b>2013</b>
Average no of employees during the year	46	67
No. of employees as at 30 June	48	68

51.2. Nomenclature of the following heads have been changed in these financial statements

<b>Previous nomenclature</b>	<b>Current nomenclature</b>
Other operating income	Other income
Investment in financial instruments	Investment in Term Finance Certificates and Sukuks
Advances to employees	Advances to employees and others

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

**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  
31st day of October, 2014 at 11:00 a.m. at Hotel Sunfort, 72-D/1, Commercial Zone, Liberty Market,  
Gulberg-III, Lahore.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

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)