

# ANNUAL REPORT 2017



Trust Investment  
Bank Limited

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## CONTENTS

|    |   |    |
|----|---|----|
|    | Jama Punji  |    |
| 01 | Vision & Mission Statement                                | 03 |
| 02 | Company Information                                       | 04 |
| 03 | Notice of the Annual General Meeting                      | 05 |
| 04 | Chairman Review Report                                    | 06 |
| 05 | Director's Report   | 14 |
| 06 | Six Years Financial Summary                               | 15 |
| 07 | Pattern of Shareholding                                   | 16 |
| 08 | Categories of Shareholders                                | 17 |
| 09 | Financial Statements                                      | 18 |
| 10 | Statement of Compliance with Code of Corporate Governance | 19 |
| 11 | Review Report to the Members                              | 21 |
| 12 | Auditors' Report to the Members                           | 22 |
| 13 | Balance Sheet   | 24 |
| 14 | Profit and Loss Account                                   | 25 |
| 15 | Statement of Comprehensive Income                         | 26 |
| 16 | Cash Flow Statement                                       | 27 |
| 17 | Statement of Changes in Equity                            | 28 |
| 18 | Notes to the Financial Statements                         | 29 |
| 19 | Consolidated Financial Statements                         | 70 |
| 20 | Auditors' Report to the Members                           | 71 |
| 21 | Consolidated Balance Sheet                                | 73 |
| 22 | Consolidated Profit and Loss Account                      | 74 |
| 23 | Consolidated Statement of Comprehensive Income            | 75 |
| 24 | Consolidated Cash Flow Statement                          | 76 |
| 25 | Consolidated Statement of Changes in Equity               | 77 |
| 26 | Notes to the Consolidated Financial Statements            | 78 |
|    | Form of Proxy   |    |



## Vision & Mission Statement

### Vision

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

### Mission

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

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

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

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

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



## Company Information

### Board of Directors

|                               |                                  |
|-------------------------------|----------------------------------|
| Mr. Asif Kamal                | 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

|                     |          |
|---------------------|----------|
| Mr. Abdul Shakeel   | Chairman |
| Mr. Asif Kamal      | Member   |
| Mr. Asad Ali Kazmie | Member   |

### Human Resource and Remuneration Committee

|                               |          |
|-------------------------------|----------|
| Mr. Mamoon-ur-Rashid Qureishi | Chairman |
| Mr. Asif Kamal                | Member   |
| Mr. Ahsan Rafique             | Member   |

### Company Secretary

Zahra Khalid

### Chief Financial Officer

Khurram Sabah

### Head Internal Auditor

Rehan Butt

### Auditors

TARIQ ABDUL GHANI MAQBOOL & CO.  
Chartered Accountants

### Legal Advisor

Chaudhry Mahmood-ur-Rehman

### Registrars

CORPLINK (PVT.) LTD.  
1-K Commercial, Model Town, Lahore  
+92-42-35916714  
+92-42-35916719  
corplink786@gmail.com  
shares@corplink.com.pk

### Registered & Head Office

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



## Notice of Annual General Meeting

Notice is hereby given that 26<sup>th</sup> Annual General Meeting of Trust Investment Bank Limited will be held on Thursday, October 26, 2017 at 03:00 p.m. at Sunfort Hotel, Liberty Market, Gulberg-III, Lahore, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of 17<sup>th</sup> Extra Ordinary General Meeting held on August 12, 2017.
2. To receive, consider and adopt the audited accounts of the Bank for the year ended June 30, 2017 together with Directors' and Auditors' Report thereon.
3. To appoint the Auditors of the Bank for the year ending June 30, 2018 and to fix their remuneration.

### SPECIAL BUSINESS

4. To get approval/Consent from shareholders, as per SRO No. 470 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual audited accounts either through CD/DVD/USB or in hard copy (book form).
5. To issue Ordinary Shares against total Mark-up payable on Preference Shares in physical form.
6. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore: October 05, 2017

**ZAHRA KHALID**  
(Company Secretary)

### Notes:

- 1) The share transfer books of the Bank will remain closed from October 12, 2017 to October 26, 2017 (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.
- 3) An individual beneficial owner of CDC, entitled to vote at this meeting shall authenticate his identity by showing his/ her original CNIC along with Participant's ID number and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form.
- 4) Pursuant to SECP Circular No 10 dated May 21, 2014 and Section 132 of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

## Chairman Review Report

Dear Shareholders,

I am pleased to present Audited Annual accounts for the year ended June 30<sup>th</sup>, 2017.

Pakistan Economy continued to gather pace during the current fiscal year. GDP growth was 5.3% according to the Pakistan Economic Survey 2016-17. At Current, the biggest issue is the rising current account deficit, which is making the future prospect a bit murky. However, CPEC is a great expectation for Pak economy and we hope that its benefit will properly be utilized over a long term basis.

With regards to the Non-Banking Finance Companies (NBFC) sector, the hasty decision of SECP continue to haunt, but relaxation in achieving minimum equity Requirement (MER) is expected to pave in re-development of this sector. It is encouraging and worth mentioning here that without any external assistance, your company has been maintaining its liquidity and making payments to its creditors and meeting its administrative expenses.

Whilst summing-up it may be reiterated that despite extremely unfavorable economic & financial conditions, your company with the support of its board, new management, its creditors / lenders and shareholders has so far been able to sustain its business during all these years and look forward to more promising business activities for the benefit of all its stakeholders.

Chairman.

## Directors' Report

The Directors are pleased to present the Twenty-sixth Annual Report together with the audited financial statements of the Trust Investment Bank Limited for the year ended June 30, 2017.

### Financial Summary or Highlights/Performance of the Company:

The operating results and appropriations, for the year ended June 30, 2017 along with the corresponding figures for the last year are as under.

| Particular                   | For the financial year ended |                         |
|------------------------------|------------------------------|-------------------------|
|                              | 30-June-2017                 | 30-June-2016 (Restated) |
|                              | (Rupees in millions)         |                         |
| Operating Expenses           | 77.55                        | 73.31                   |
| Profit before taxation       | 58.49                        | 20.38                   |
| Profit after taxation        | 56.91                        | 20.27                   |
| Liabilities                  | 2,349.18                     | 2,495.53                |
| Earnings per Share (Basic)   | Rs. 0.60                     | Rs. 0.25                |
| Earnings per Share (Diluted) | Rs. 0.60                     | Rs. 0.25                |

### Economic Review:

According to the report, the country's overall growth rate was recorded highest 5.28 percent in nine years against 4.51 percent of the last year. Industrial sector grew by 5.05 percent during the outgoing fiscal year. The agriculture sector accounts for 19.53 percent of GDP and 42.3 percent of employment. Economic growth rate registered 5.28 percent against 4.51 percent which is the highest in 9 years. Pakistan Stock Exchange has been ranked the fifth best performing stock market in the world in 2016. CPI based inflation rate averaged 4.1 percent. Manufacturing sector growth registered 5.27 percent compared to 5.8 percent last year. FBR tax collection increased from Rs. 2,590 billion in FY15 to Rs. 3,112 billion in FY16. Fiscal deficit narrowed to 4.6 percent in FY 16 from 8.8 percent in FY 15. Per capita income increased to \$ 1629 from \$1333 last year.

### Companies Overview:

The bank is steadily improving over the last four years and continued its journey toward perpetually improving profitability. The management is focused on to reduce the expenses, improve revenues, increase the efficiency and optimal utilization of resources and expedite the recoveries.

Profit before tax for the year has been increased from Rs. 20.38 million to 58.49 million and profit after tax for the year has been increased to 56.91 million. Total liabilities declined from Rs. 2,495.53 million to Rs. 2,349.18 million. Current ratio is also improved significantly from 0.64 times (2016) to 2.16 times (2017). TIBL's basic and diluted earnings per share up by 30.83 % to Rs. 0.60 and 46.22 % to Rs. 0.60 respectively.

During the year, bank continued settlements and restructuring of overdue liabilities. Some non-current assets are classified as held for sale amounting to Rs. 280.00 million to settle its overdue current liabilities. Efforts for recoveries from stuck up portfolio continued with slight improvement over the past year. The Preference Shares are converted into Ordinary Shares and gradual restructuring of Term Finance Certificates (TFC) is going on.

The most significant thing is that Auditor's opinion was modified this year. Bank also improved its equity by Rs. 491 million. The Company has recognized tax losses of Rs. 2,300 million of the past years that will give relief to the bank in the coming years.

**Auditor's Report:**

The auditor's requires provisioning of additional amount of Rs. 537.01 million on account of markup/cost of fund etc., however the management is in disagreement and is of the view that the requisite amount has already been provided and found no reason to provide when there is no practical grounds available. Company has paid renewal fee for Investment Finance Services (IFS) license which is pending with the Securities Exchange Commission of Pakistan and under the regulatory frame work bank is fully authorized to operate.

**Future Outlook:**

Despite the challenging environment, we are optimistic about the future of the company. Bank is gradually coming out of the turmoil it had been facing in past years. Last year we anticipated increase in equity which has been materialized. We also foresee further rise in capital as well which will help long term sustainability of the company and to overcome its liquidity constraints. Management will continue with its commitment not to increase its borrowings in the coming year. Company has started new businesses at limited scale and it will flourish in coming years. The management believes that the Bank will be able to continue as a going concern and meet its obligations towards its creditors in view of the mitigating factors stated herein.

**Risk Management:**

The Bank follows policies aimed at managing risks prudently. The processes and guidelines are overviewed by the Board of Directors and supervised on an ongoing basis by the Audit Committee. The main risks facing the Bank are summarized below:

**I. Credit Risk:**

Credit risk refers to the failure of a borrower to fulfill its financial obligations as and when they fall due. This risk is inherent in the business of the Bank. To mitigate it, the Bank evaluates transactions under established procedures for credit approvals, collateral and guarantee requirements through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities.

**II. Liquidity Risk:**

The liquidity has been an issue but we are doing best to improve in the coming years. WEE are hope that like others, this issue will also be addressed in the current financial year.

**III. Interest Rate Risk:**

Interest rate risk arises when cash flows of a financial instrument fluctuate because of changes in market interest rates primarily in long-term debt obligations with floating interest rates and variable rate financial assets. To mitigate this risk the Bank tries to maintain a balance between fixed and variable rate financial instruments. The Bank also uses derivatives to hedge against interest rate risk. As the business expands, operational risk management has become a critical component of the risk management policy. To manage the risk, the Bank continually reviews and strengthens internal controls.

**Corporate Social Responsibility:**

TIBL would like to maintain a strong focus on investing in its communities. Caring and nurturing the communities where we live and operate is Bank's motive. As a responsible corporate body, the Bank considers it obligatory to invest in projects designed for the uplift of the communities and societies where it operates. Unfortunately in past years, TIBL contribution was not very significant. But it expected that in coming years TIBL will perform in a prominent fashion.

**Subsidiary Company:**

The Bank's wholly owned subsidiary, Logic Management Services Private Limited is engaged in consultancy services. Consolidated financial statements of the Bank and LMC for the year ended June 30, 2017 are included in this annual report.

In the year ending June 30<sup>th</sup> 2015, the shares of TDL were derecognized as subordinated loan. However, shares are still in the custody of TIBL until the formal approval of SECP and other formalities.

**Business Ethics:**

Employee care and growth are the key elements of our human resource management system. Our aim is to make TIBL an employer of first choice. Therefore we encourage an open and caring culture where employees are respected for their knowledge, capability and commitment to building relationships beyond transactions, as we believe that the effective role of employees in all areas of banking is a key to the Bank's success. Therefore, we focus on developing an individual who is inspired, motivated and professional and has the depth and capacity to impact not only on value creation for the Bank but also for the industry, and the nation at large. Bank's Code of Conduct provides guidance for dealing with ethical issues, and direction on how to report on unethical conduct. Every employee of the Bank has a responsibility to understand and comply fully with the Code and all other policies of the Bank.

**Director Compliance:**

The Board is aware of its responsibilities under the Code of Corporate Governance and is pleased to report that:

The financial statements, prepared by the management of the Bank, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;

Proper books of account of the Bank have been maintained;

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

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure has been adequately disclosed and explained in this annual report;

The system of internal control is sound in design and has been effectively implemented and monitored;

There are no significant doubts upon Bank's ability to continue as a going concern;

There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations being notified by the Pakistan Stock Exchange;

Key operating and financial data of last six years, in summarized form is given

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

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

During the year six meetings of the Board of Directors and four meetings of the Audit Committee were held. The Directors, who were unable to attend the meetings, constantly followed the progress of the Bank and proceedings of the Board.

| <b>Name of Director</b>   | <b>Designation</b> | <b>Meeting Attended</b> |
|---------------------------|--------------------|-------------------------|
| Mr. Mamoon-Ur-Rashid      | Chairman           | 6                       |
| Mr. Ahsan Rafique         | Chief Executive    | 6                       |
| Syed Sajjad Hussain Rizvi | Executive Director | 6                       |
| Mr. Asad Kazmi            | Director           | 6                       |
| Mr. Abdul Shakeel         | Director           | 6                       |
| Mr. Asif Kamal            | Director           | 0                       |
| Mr. Tariq Hussain         | Director           | 0                       |

Leave of absence was granted to Directors who could not attend the Board meetings.

**Audit Committee Meetings:**

| Name of Directors | Designation | Meeting Attended |
|-------------------|-------------|------------------|
| Mr. Abdul Shakeel | Chairman    | 4                |
| Mr. Asif Kamal    | Member      | 0                |
| Mr. Asad Kazmi    | Member      | 4                |

**Dividend:**

No dividend has been declared for the year under review.

**Pattern of Share Holding:**

A statement of the pattern of shareholding of certain classes as per Section 227 of the Companies ACT, 2017 whose disclosure is required under the reporting frame work is annexed. Detail of number of shares held by the director and officers of the Bank is also annexed.

**Audit Committee:**

The internal control frame work has been effectively implemented through an independent in house Internal Audit Function. The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. The Audit Committee of the Board comprises of three non-executive directors. 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 & regulations. During the year four (04) meetings of the Audit Committee were held.

**External Audit:**

The present auditors M/s. Tariq Abdul Ghani Maqbool & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2018.

**Acknowledgement:**

The Directors of bank would like to show their appreciation of the support of SECP and other regulatory bodies and shareholders for achieving good results and hope that this cooperation and support continues to grow in the future. The directors of the bank would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company and hope that they will continue to do so in the future. We would also thanks to SECP for their continued support and patronage extended during the challenging period.

For and on behalf of the Board of Directors

Lahore  
October 04, 2017

**Mamoon Ur Rashid**  
Director

**Ahsan Rafique**  
President & Chief Executive Officer

**ڈائریکٹر کی رپورٹ**

ڈائریکٹر 30 جون 2017ء کو ختم ہونے والے سال کے لئے ٹرسٹ انوسٹمنٹ بینک لمیٹڈ کے نظر ثانی شدہ مالی گوشواروں کے ساتھ چھبیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی خلاصہ یا جھلکیاں / کمپنی کی کارکردگی:

30 جون 2017ء کو ختم ہونے والے سال کے آپریٹنگ نتائج اور مصروفات معہ گزشتہ سال کے متعلقہ اعداد و شمار حسب ذیل ہیں:-

| مختتمہ مالی سال     |             | تفصیل                  |
|---------------------|-------------|------------------------|
| 30 جون 2016 (اعادہ) | 30 جون 2017 |                        |
| روپے ملین میں       |             |                        |
| 73.31               | 77.55       | انتظامی اخراجات        |
| 20.38               | 58.49       | ٹیکس سے پہلے منافع     |
| 20.27               | 56.91       | ٹیکس کے بعد منافع      |
| 2,495.53            | 2,349.18    | واجبات                 |
| 0.25 روپے           | 0.60 روپے   | فی شیئر آمدنی (بنیادی) |
| 0.25 روپے           | 0.60 روپے   | فی شیئر آمدنی (معتدل)  |

**اقتصادی جائزہ:**

رپورٹ کے مطابق، گزشتہ سال کی 4.51 فیصد کے مقابلے نو سالوں میں ملک کی مجموعی نمو کی شرح میں 5.28 فیصد اضافہ ہوا۔ گزرنے والے مالی سال کے دوران صنعتی شعبے نے 5.05 فیصد نمو حاصل کی۔ زرعی شعبے کے لحاظ سے جی ڈی پی کا 19.53 فیصد اور ملازمت کا 42.36 فیصد ہے۔ اقتصادی نمو کی شرح 4.51 فیصد کے مقابلے 5.28 فیصد درج کی گئی جو 9 سالوں میں سب سے زیادہ ہے۔ پاکستان اسٹاک ایکسچینج 2016 میں دنیا بھر میں بہترین کارکردگی کا مظاہرہ کرنے والی پانچویں اسٹاک مارکیٹ کا درجہ رکھتی ہے۔ سی پی آئی کی بنیاد پر افراط زر کی شرح اوسطاً 4.1 فیصد پر رہی ہے۔ گزشتہ سال 5.8 فیصد کے مقابلے میں فیکچرنگ سیکٹر کی نمو 5.27 فیصد درج کی گئی ہے۔ ایف بی آر ٹیکس کو بیکشن مالی سال 2016 میں 3,112 بلین روپے تک بڑھ گئی جو مالی سال 2015 میں 2,590 بلین روپے تھی۔ مالیاتی خسارہ FY16 میں 4.6 فیصد تک کم ہو گیا جو FY15 میں 8.8 فیصد تھا۔ فی کس آمدنی 1629 ڈالر تک بڑھ گئی جو گزشتہ سال 1333 ڈالر تھی۔

**کمپنیز کا جائزہ:**

بینک نے گزشتہ چار سالوں میں مسلسل ترقی کی ہے اور لگاتار منافع کو بہتر بنانے کے لئے اپنا سفر جاری رکھا ہے۔ انتظامیہ نے اخراجات کو کم کرنے، آمدنی میں اضافہ، کارکردگی کو بڑھانے اور وسائل کو زیادہ سے زیادہ استعمال کرنے اور وصولیوں کو تیز کرنے پر توجہ مرکوز کی ہے۔

سال کے لئے ٹیکس سے پہلے منافع میں 20.38 ملین سے 58.49 ملین تک اضافہ ہوا ہے اور سال کے لئے ٹیکس کے بعد منافع 56.91 ملین تک بڑھ گیا ہے۔ کل واجب ادائیگیوں میں 2,495.53 ملین روپے سے 2,349.18 ملین روپے تک کمی ہوئی ہے۔ موجودہ تناسب میں بھی نمایاں طور پر 0.64 گنا (2016) سے 2.16 گنا (2017) تک بہتر ہوا ہے۔ TIBL کی بنیادی اور معتدل فی شیئر آمدنی بالترتیب 30.83 فیصد اضافہ سے 0.60 روپے اور 46.22 فیصد اضافہ سے 0.60 روپے تک ہو گئی ہے۔

سال کے دوران، بینک نے زائد المیعاد واجب ادائیگیوں کے تصفیہ اور نو تنصیبی کو جاری رکھا۔ بعض غیر موجود اثاثوں میں سے ان کی زائد المیعاد موجودہ واجب ادائیگیوں کے تصفیہ کے لئے 280.00 ملین روپے مالیت کے زیر قبضہ اثاثوں کو فروخت کرنے کی درجہ بندی کی گئی ہے۔ پختہ پورٹ فولیو سے وصولی کے لئے کوششیں پچھلے سال کی نسبت قدرے بہتری سے جاری رہیں۔ ترجیحی حصص کو عام حصص میں تبدیل کر دیا گیا اور ڈرم فنانس سرٹیفکیٹس (TFC) کی بدرتج نو تنصیبی جاری ہے۔

سب سے اہم بات یہ ہے کہ ڈیٹر کی رائے اس سال معتدل تھی۔ بینک نے اپنی ایکویٹی میں بھی 491 ملین روپے تک بہتری حاصل کی ہے۔ کمپنی نے گزشتہ سالوں کے 2,300 ملین روپے کے ٹیکس نقصانات کو تسلیم کیا ہے جو آئندہ سالوں میں بینک کو افاقہ دے گا۔

## آڈیٹر کی رپورٹ:

آڈیٹر کے مطابق مارک اپ/ فنڈ وغیرہ کی لاگت کی مد میں 537.01 ملین روپے کی اضافی رقم کی فراہمی ضروری ہے۔ تاہم انتظامیہ اس بات پر متفق نہیں ہے اور خیال یہ ہے کہ مطلوبہ رقم پہلے ہی فراہم کی گئی ہے اور کوئی عملی وجوہات دستیاب نہ ہونے کی بدولت فراہم کرنے کی کوئی ایسی وجہ بھی نہیں ہے۔ کمپنی نے انوسٹمنٹ فنانس سروسز (آئی ایف ایس) لائسنس کے لئے تجدید فیس ادا کر دی ہے جو سیکورٹیز ایکچینج کمیشن آف پاکستان کے ہاں زیر التواء ہے اور ریگولیٹری دائرہ کار کے تحت بینک مکمل طور پر کام کرنے کا بااختیار ہے۔ مستقبل کا نقطہ نظر:

چیلنجنگ ماحول کے باوجود، ہم کمپنی کے مستقبل بارے پر امید ہیں۔ بینک آہستہ آہستہ اس بحران سے نکل رہا ہے جو گزشتہ سالوں سے درپیش ہے۔ پچھلے سال ہمیں ایکویٹی میں اضافے کی توقع تھی جسے حاصل کیا گیا ہے۔ ہم نے سرمایہ میں بھی مزید اضافہ کیا ہے جو کمپنی کے طویل مدتی استحکام میں اور اس کی لیکویڈیٹی رکاوٹوں پر قابو پانے میں مدد کرے گا۔ آئندہ سال میں انتظامیہ اپنے قرضوں میں اضافہ نہ کرنے کے لئے پُر عزم رہے گی۔ کمپنی نے محدود پیمانے پر نئے کاروبار شروع کئے ہیں اور آنے والے سالوں میں اس میں اضافہ ہوگا۔ انتظامیہ کا خیال ہے کہ بینک گونگ کسٹرن کے طور پر جاری رہنے اور بیان کردہ کمی کے عوامل کے مد نظر اپنے قرض دہندگان کی طرف اپنی ذمہ داریوں کو پورا کرنے کے قابل ہو جائے گا۔ رسک مینجمنٹ:

بینک ان پالیسیوں کی پیروی کرتا ہے جس کا مقصد خطرات کا محتاط انداز سے انتظام کرنا ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے عمل اور ہدایات کا جائزہ لیا جاتا ہے اور آڈٹ کمیٹی کی طرف سے جاری بنیاد پر نگرانی کی جاتی ہے۔ بینک درپیش اہم خطرات کا خلاصہ حسب ذیل ہے:

### I۔ کریڈٹ کا خطرہ:

کریڈٹ کے خطرہ سے مراد قرض دہندہ کو اپنی مالی مکلفات کو پورا کرنے نہ کرنے میں ناکامی ہے۔ یہ خطرہ بینک کے کاروبار میں موجود ہوتا ہے۔ اس کو کم کرنے کے لئے، بینک کریڈٹ کی منظور یوں، آزاد کریڈٹ ڈیپازٹمنٹ کے ذریعہ ثانوی اور ضمانت کی ضروریات کے لئے قائم شدہ طریقہ کار کے تحت ٹرانزیکشن کا اندازہ لگاتا ہے جو صارفین کے کریڈٹ کی اہلیت کا جائزہ لیتا ہے اور کافی سیکیورٹیز حاصل کرتا ہے۔

### II۔ سیالیت کا خطرہ:

سیالیت ایک مسئلہ رہا ہے لیکن آنے والے سالوں میں ہم اسے بہتر بنانے کے لئے کام کر رہے ہیں۔ ہمیں امید ہے کہ دوسروں کی طرح، اس مسئلے کو بھی موجودہ مالی سال میں حل کر لیا جائے گا۔

### III۔ سود کی شرح کا خطرہ:

سود کی شرح کا خطرہ تب پیدا ہوتا ہے جب فلوٹنگ سود کی شرحوں اور متغیر شرح کے مالی اثاثوں کے ساتھ طویل مدتی قرض کی ذمہ داریوں میں بنیادی مارکیٹ سود کی شرحوں میں تبدیلیوں کی وجہ سے مالی انشورمنٹ اتار چڑھاؤ کا نقد بہاؤ پایا جائے۔

اس خطرے کو کم کرنے کے لئے بینک فیکسڈ اور متغیر شرح کے مالی آلات کے درمیان ایک توازن کو برقرار رکھنے کی کوشش کرتا ہے۔ بینک نے سود کی شرح کے خطرے کے خلاف پیش بندی کرنے کے لئے دوسرے ذرائع بھی استعمال کرتا ہے۔ کاروبار کو وسعت دینے کے لئے، آپریشنل خطرات کا انتظام رسک مینجمنٹ پالیسی کا ایک اہم حصہ بن گیا ہے۔ خطرے کو مد نظر رکھنے کے لئے، بینک مسلسل اندرونی کنٹرول کا جائزہ لیتا اور مضبوط بناتا ہے۔

### کارپوریٹ سماجی ذمہ داری:

TIBL اپنی کمیونٹیوں میں سرمایہ کاری پر مضبوط توجہ برقرار رکھتی ہے۔ جہاں ہم رہتے اور کام کرتے ہیں ان کمیونٹیوں کی دیکھ بھال اور ان کو فروغ دینا بینک کا بنیادی مقصد ہے۔ ایک ذمہ دار کارپوریٹ ادارے کے طور پر، بینک کمیونٹیوں اور معاشرے جہاں ہم کام کرتے ہیں کی بہتری کے لئے ڈیزائن کئے گئے منصوبوں میں سرمایہ کاری کرنا اپنی ذمہ داری سمجھتا ہے۔ بدقسمتی سے پچھلے سالوں میں، TIBL کی شراکت بہت اہم نہیں تھی۔ لیکن یہ توقع ہے کہ آنے والے سالوں میں ٹی آئی بی ایل ایک ممتاز انداز میں کام کرے گا۔

### ذیلی کمپنی:

بینک کی مکمل ملکیتی ذیلی کمپنی، لاجک مینجمنٹ سروسز پرائیویٹ لمیٹڈ مشاورتی خدمات میں مصروف ہے۔ 30 جون 2017ء کو ختم ہونے والے سال کے لئے بینک اور ایل ایم سی کے اشتہال شدہ مالی حسابات اس سالانہ رپورٹ میں شامل ہیں۔

اختتام سال 30 جون 2015 کوئی۔ ڈی۔ ایل کے ایسے تمام حصص جو کہ قرض کے ماتحت تھے انہیں غیر معروف کر دیا گیا تاہم یہ حصص ایس ای سی پی کی منظوری تک ٹی آئی بی ایل کے پاس زیر قبضہ ہیں۔

### کاروباری اخلاقیات:

ملازمین کی دیکھ بھال اور نشوونما ہمارے ہیومن ریسورس مینجمنٹ نظام کے اہم عناصر ہیں۔ ہمارا مقصد TIBL کو ملازمین کا سب سے پہلا انتخاب بنانا ہے۔ لہذا ہم ایک کشادہ اور دیکھ بھال کی ثقافت کی حوصلہ افزائی کرتے ہیں جہاں کارکنوں کا ان کے علم، صلاحیت اور لین دین کے علاوہ تعلقات کو استوار کرنے کے عزم کے لئے احترام کیا جاتا ہے، کیونکہ ہم یقین رکھتے ہیں کہ بینکنگ کے تمام شعبوں میں ملازمین کا موثر کردار بینک کی کامیابی کی کلید ہے۔ لہذا، ہم ایسے شخص کو ترقی دینے پر توجہ مرکوز کرتے ہیں جو تخلیقی، حوصلہ مند اور پیشہ ورانہ ہو اور نہ صرف بینک کے لئے قدر پیدا کرنے بلکہ وسیع پیمانے پر انڈسٹری اور قوم کے لئے بھی گہری سوچ اور صلاحیت کا اثر رکھتا ہو۔ بینک کا ضابطہ اخلاق اخلاقی معاملات سے نمٹنے اور غیر اخلاقی طرز عمل کو کس طرح رپورٹ کرنا ہے کے لئے رہنمائی فراہم کرتا ہے۔ بینک کا ہر ملازم ضابطہ اخلاق اور بینک کی تمام دیگر پالیسیوں کو مکمل طور پر سمجھنے اور عمل کرنے کا ذمہ دار ہے۔

### ڈائریکٹرز کی تعینات:

بورڈ کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت اپنی ذمہ داریوں سے آگاہ ہے اور ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:-

- ☆ بینک کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کیا گیا ہے۔
- ☆ بینک کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- ☆ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- ☆ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا اس سالانہ رپورٹ میں موزوں انکشاف اور وضاحت کی گئی ہے۔
- ☆ داخلی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اور موثر طریقہ سے لاگو اور نگرانی کی جاتی ہے۔
- ☆ بینک کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ پاکستان اسٹاک ایکسچینج کی طرف سے جاری کردہ فہرستی قوانین میں تفصیلی، کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- ☆ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا، کا خلاصہ منسلک ہے۔
- ☆ اخلاقیات اور کاروباری طریقوں کا ضابطہ اخلاق کا بیان بینک کے ڈائریکٹرز اور ملازمین کی طرف سے تیار اور منظور کیا گیا ہے۔
- ☆ فنڈز کی سرمایہ کاری کرنے یا نہ کرنے، اہم پالیسیوں میں تبدیلی اور مجموعی کارپوریٹ حکمت عملیوں، تقرری، چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کی تقرری کی شرائط و ضوابط اور معاوضہ کے تعین سے متعلق تمام اہم فیصلے بورڈ کے ذریعے کئے جاتے ہیں۔
- ☆ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس اور آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ڈائریکٹرز، جو اجلاسوں میں شرکت نہیں کر سکتے تھے، نے بینک کی پراگریس اور بورڈ کی کارروائی کی مسلسل پیروی کی۔

### بورڈ آف ڈائریکٹرز کے اجلاس:

| نام ڈائریکٹر       | عہدہ              | تعداد حاضری |
|--------------------|-------------------|-------------|
| مامون الرشید       | چیئرمین           | 6           |
| احسن رفیق          | چیف ایگزیکٹو      | 6           |
| سید سجاد حسین رضوی | ایگزیکٹو ڈائریکٹر | 6           |
| اسد کاظمی          | ڈائریکٹر          | 6           |
| عبدل شکیل          | ڈائریکٹر          | 6           |
| آصف کمال           | ڈائریکٹر          | 0           |
| طارق حسین          | ڈائریکٹر          | 0           |

ڈائریکٹرز جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے کو غیر حاضری کی چھٹی دی گئی۔

آڈٹ کمیٹی کے اجلاس:

| تعداد حاضری | عہدہ    | نام ڈائریکٹر |
|-------------|---------|--------------|
| 4           | چیئرمین | عبدل شکیل    |
| 0           | رکن     | آصف کمال     |
| 4           | رکن     | اسد کاظمی    |

ڈیویڈنڈ:

زیر جائزہ سال کے لئے کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا ہے۔

نمونہ حصص داری:

کمپنیز ایکٹ 2017ء کی دفعہ 227 کے مطابق مخصوص کلاسوں کے حصص داری کا نمونہ کا بیان جس کا رپورٹنگ دائرہ کار کے تحت انکشاف ضروری ہے منسلک کیا گیا ہے۔ بینک کے ڈائریکٹرز اور آفیسرز کے ملکیتی حصص کی تعداد کی تفصیل بھی منسلک ہے۔

آڈٹ کمیٹی:

داخلی کنٹرول کا دائرہ کار ایک آزاد اندرونی آڈٹ فنکشن کے ذریعے موثر طریقے سے نافذ کیا گیا ہے۔ آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے تعین کردہ قواعد کے مطابق اپنے فرائض سرانجام دے رہی ہے۔ بورڈ کی آڈٹ کمیٹی میں تین نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بیرونی اور اندرونی آڈیٹروں کے درمیان تعاون نے بینک کے مقاصد میں کارکردگی اور شراکت بشمول قابل اعتماد مالی رپورٹنگ نظام اور قواعد و ضوابط کو یقینی بنانے میں سہولت فراہم کی ہے۔ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔

بیرونی آڈٹ:

موجودہ آڈیٹرز میسرز طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سبڈوش ہو گئے ہیں اور اہل ہونے کی بناء پر، 30 جون 2018ء کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کرتے ہیں۔

اظہار تشکر:

بینک کے ڈائریکٹرز اچھے نتائج کے حصول کے لئے SECP اور دیگر ریگولیٹری اداروں اور حصص داران کے تعاون کو سراہتے ہیں اور امید کرتے ہیں کہ مستقبل میں یہ نمونہ کے لئے یہ حمایت اور تعاون جاری رہے گا۔ بینک کے ڈائریکٹرز سرورسز، وفاداری اور کمپنی کے ملازمین کی طرف سے مہیا کردہ کوششوں کے لئے ان کی گہری دلچسپی کا بھی اظہار کرتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی ایسا تعاون جاری رکھیں گے۔ چیلنجنگ مدت کے دوران انکی مسلسل حمایت اور وسیع سرپرستی کے لئے بھی ہم SECP کا شکر یہ ادا کریں گے۔

منجانب بورڈ آف ڈائریکٹرز

لاہور  
04 اکتوبر 2017ء

احسن رفیق  
صدر اور چیف ایگزیکٹو آفیسر

مامون الرشید  
ڈائریکٹر

## Six Years Financial Summary

(Rupees in million)

|                                    | 2017    | 2016    | 2015    | 2014    | 2013    | 2012    |
|------------------------------------|---------|---------|---------|---------|---------|---------|
| <b>Operational Results</b>         |         |         |         |         |         |         |
| Total Lease Business Term Finances | -       | -       | -       | -       | -       | 27      |
| Revenues                           | 45      | 59      | 43      | 116     | 63      | 253     |
| Financial Expenses                 | 1       | 1       | 3       | 13      | 52      | 547     |
| Total Expenses                     | 77      | 37      | 29      | 111     | 212     | 724     |
| \Profit/(loss) before tax          | 58      | 22      | 14      | 5       | (149)   | (1,002) |
| \Profit/(loss) after tax           | 56      | 22      | 13      | 4       | (149)   | (1,004) |
| <b>Balance Sheet</b>               |         |         |         |         |         |         |
| Total Asstes                       | 4,386   | 4,363   | 4,409   | 4,687   | 4,454   | 3,869   |
| Paid-up Capital                    | 1,383   | 892     | 892     | 892     | 892     | 892     |
| Reserves                           | (2,469) | (2,762) | (2,494) | (1,991) | (1,992) | (1,834) |
| Earning Per Share                  | 0.06    | 0.25    | 0.19    | 0.07    | (2.56)  | (17.93) |
| <b>Dividend</b>                    |         |         |         |         |         |         |
| Cash Dividend                      | Nil     | Nil     | Nil     | Nil     | Nil     | Nil     |
| Stock Deividend                    | Nil     | Nil     | Nil     | Nil     | Nil     | Nil     |

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

## Pattern of Shareholding

As at June 30, 2017

| Number of Shareholders | Shareholding |            | Total Number of Shares Held |
|------------------------|--------------|------------|-----------------------------|
|                        | From         | To         |                             |
| 474                    | 1            | 100        | 17,515                      |
| 666                    | 101          | 500        | 187,784                     |
| 357                    | 501          | 1,000      | 281,184                     |
| 793                    | 1,001        | 5,000      | 2,076,659                   |
| 156                    | 5,001        | 10,000     | 1,266,199                   |
| 64                     | 10,001       | 15,000     | 823,463                     |
| 40                     | 15,001       | 20,000     | 730,034                     |
| 40                     | 20,001       | 25,000     | 930,385                     |
| 20                     | 25,001       | 30,000     | 558,334                     |
| 18                     | 30,001       | 35,000     | 606,307                     |
| 17                     | 35,001       | 40,000     | 658,574                     |
| 7                      | 40,001       | 45,000     | 302,103                     |
| 21                     | 45,001       | 50,000     | 1,030,846                   |
| 5                      | 50,001       | 55,000     | 265,052                     |
| 7                      | 55,001       | 60,000     | 414,000                     |
| 2                      | 60,001       | 65,000     | 127,000                     |
| 3                      | 65,001       | 70,000     | 208,276                     |
| 4                      | 70,001       | 75,000     | 292,321                     |
| 3                      | 75,001       | 80,000     | 240,000                     |
| 4                      | 80,001       | 85,000     | 337,000                     |
| 1                      | 85,001       | 90,000     | 90,000                      |
| 1                      | 90,001       | 95,000     | 91,500                      |
| 2                      | 95,001       | 100,000    | 200,000                     |
| 1                      | 100,001      | 105,000    | 102,000                     |
| 1                      | 105,001      | 110,000    | 109,000                     |
| 2                      | 110,001      | 115,000    | 226,222                     |
| 1                      | 115,001      | 120,000    | 119,000                     |
| 2                      | 120,001      | 125,000    | 244,000                     |
| 2                      | 130,001      | 135,000    | 266,000                     |
| 1                      | 135,001      | 140,000    | 140,000                     |
| 2                      | 140,001      | 145,000    | 288,000                     |
| 1                      | 145,001      | 150,000    | 150,000                     |
| 1                      | 150,001      | 155,000    | 153,000                     |
| 1                      | 170,001      | 175,000    | 172,000                     |
| 1                      | 175,001      | 180,000    | 180,000                     |
| 2                      | 180,001      | 185,000    | 366,000                     |
| 2                      | 190,001      | 195,000    | 385,000                     |
| 1                      | 195,001      | 200,000    | 196,500                     |
| 2                      | 200,001      | 205,000    | 404,067                     |
| 1                      | 215,001      | 220,000    | 220,000                     |
| 1                      | 245,001      | 250,000    | 250,000                     |
| 1                      | 275,001      | 280,000    | 275,500                     |
| 2                      | 320,001      | 325,000    | 650,000                     |
| 1                      | 345,001      | 350,000    | 349,000                     |
| 1                      | 360,001      | 365,000    | 365,000                     |
| 1                      | 390,001      | 395,000    | 391,500                     |
| 1                      | 705,001      | 710,000    | 707,000                     |
| 1                      | 1,085,001    | 1,090,000  | 1,087,847                   |
| 1                      | 1,280,001    | 1,285,000  | 1,281,500                   |
| 1                      | 1,645,001    | 1,650,000  | 1,650,000                   |
| 1                      | 1,995,001    | 2,000,000  | 2,000,000                   |
| 1                      | 2,015,001    | 2,020,000  | 2,020,000                   |
| 1                      | 2,495,001    | 2,500,000  | 2,500,000                   |
| 1                      | 2,565,001    | 2,570,000  | 2,567,242                   |
| 1                      | 2,775,001    | 2,780,000  | 2,779,750                   |
| 1                      | 2,995,001    | 3,000,000  | 3,000,000                   |
| 1                      | 4,350,001    | 4,355,000  | 4,354,601                   |
| 1                      | 4,995,001    | 5,000,000  | 5,000,000                   |
| 1                      | 5,680,001    | 5,685,000  | 5,682,239                   |
| 1                      | 5,700,001    | 5,705,000  | 5,702,312                   |
| 1                      | 7,105,001    | 7,110,000  | 7,106,551                   |
| 1                      | 7,495,001    | 7,500,000  | 7,500,000                   |
| 1                      | 9,995,001    | 10,000,000 | 10,000,000                  |
| 1                      | 12,205,001   | 12,210,000 | 12,209,742                  |
| 1                      | 24,995,001   | 25,000,000 | 25,000,000                  |
| <b>2,755</b>           |              |            | <b>119,885,109</b>          |

## Catagories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2017

| Sr. No.   | Name                                 | No. of Shares Held | Percentage |
|---|--------------------------------------|--------------------|------------|
| <b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>   |                                      |                    |            |
| 1   | GENESIS SECURITIES (PVT.) LTD. (CDC) | 12,209,742         | 10.1845%   |
| 2   | MR. ZAHID RAFIQ (CDC)                | 5,702,405          | 4.7566%    |
| <b>Mutual Funds (Name Wise Detail)</b>  |                                      |                    |            |
| <b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>  |                                      |                    |            |
| 1   | MR. AHSAN RAFIQUE                    | 500                | 0.0004%    |
| 2   | SYED SAJJAD HUSSAIN RIZVI            | 500                | 0.0004%    |
| 3   | MR. MAMOON-UR-RASHID QURESHI         | 500                | 0.0004%    |
| 4   | MR.ASAD ALI KAZMIE                   | 500                | 0.0004%    |
| 5   | MR. ABDUL SHAKEEL                    | 500                | 0.0004%    |
| 6   | MR. TARIQ HUSAIN                     | 500                | 0.0004%    |
| 7   | MR. ASIF KAMAL (CDC)                 | 7,106,551          | 5.9278%    |
| <b>Executives:</b>  |                                      |                    |            |
| <b>Public Sector Companies &amp; Corporations:</b>  |                                      |                    |            |
|   |                                      | -                  | -          |
| <b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b> |                                      | 17,610,859         | 14.6898%   |
| <b>Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)</b>                                  |                                      |                    |            |
| 1   | MR. HUSSAIN AHMED                    | 25,000,000         | 20.8533%   |
| 2   | GENESIS SECURITIES (PVT.) LTD. (CDC) | 12,209,742         | 10.1845%   |
| 3   | MR. ARIF IKRAM (CDC)                 | 10,000,000         | 8.3413%    |
| 4   | THE BANK OF KHYBER (CDC)             | 7,500,000          | 6.2560%    |
| 5   | MR. ASIF KAMAL (CDC)                 | 7,106,551          | 5.9278%    |

### 5. Categories of Shareholders

|   | Shares Held | Percentage |
|---|-------------|------------|
| 5.1 Directors, Chief Executive Officers, and their spouse and minor children      | 7,109,551   | 5.9303%    |
| 5.2 Associated Companies, undertakings and related parties.                       | 17,912,147  | 14.9411%   |
| 5.3 NIT and ICP   | 500         | 0.0004%    |
| 5.4 Banks Development Financial Institutions, Non Banking Financial Institutions. | 15,035,357  | 12.5415%   |
| 5.5 Insurance Companies   | 2,568,936   | 2.1428%    |
| 5.6 Modarabas and Mutual Funds  | 6,566       | 0.0055%    |
| 5.7 Share holders holding 10% or more   | 37,209,742  | 31.0378%   |
| 5.8 General Public  |             |            |
| a. Local  | 66,185,137  | 55.2071%   |
| b. Foreign  | 0           | 0.0000%    |
| 5.9 Others (to be specified)  |             |            |
| Joint Stock Companies   | 8,733,296   | 7.2847%    |
| Investment Companies  | 2,327,373   | 1.9413%    |
| Foreign Companies   | 2,321       | 0.0019%    |
| Others  | 3,925       | 0.0033%    |



# Financial Statements

## Trust Investment Bank Limited

(For The Year Ended June 30, 2017)

## Statement of Compliance With Best Practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19.23 of Listing Regulations of Pakistan Stock Exchange 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes.

| Category                | Names                     |
|-------------------------|---------------------------|
| Independent Director    | Abdul Shakeel Jaleel      |
| Non-Executive Directors | Asif Kamal                |
| Non-Executive Directors | Asad Ali Kazmie           |
| Non-Executive Directors | Tariq Hussain             |
| Non-Executive Directors | Mamoon-ur-Rasheed Qureshi |
| Executive Directors     | Syed Sajjad Hussain Rizvi |
| Executive Directors     | Ahsan Rafique             |

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout 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, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of meetings were appropriately recorded and circulated.
9. The board arranged zero training programs for its directors during the year.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an Audit Committee. It comprises three members of whom three are non-executive directors and the Chairman of the Committee is an Independent Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of three Members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
22. We confirm that all other material principles enshrined in the CCG have been complied with.

**MAMOON UR RASHID**  
Chairman

**AHSAN RAFIQUE**  
Chief Executive Officer

## Review Report To The Members On Statement Of Compliance With Best Practices Of Code Of Corporate Governanace

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **Trust Investment Bank Limited** (“the Company”) for the year ended 30 June 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

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

As a part of our audit of the 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 are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

We have also expressed an qualified opinion in our audit report to the financial statements for the year ended 30 June 2017.

Lahore  
04 October 2017

  
Tariq Abdul Ghani Maqbool and Company  
Chartered Accountants  
**Shahid Mehmood**  
(Engagement Partner)

## Auditors' Report To The Members

We have audited the annexed balance sheet of **TRUST INVESTMENT BANK LIMITED** ("the company") as at 30 June 2017 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, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) as described in note 1.01.2 to the financial statements, overdue installments of financing from banking companies, financial institutions, term finance certificates (TFC) holders and depositors are amounting to Rs. 1,865.85 million (2016: Rs. 2,040.46 million). Moreover, as mentioned in note of contingencies to the financial statements, the company is defendant/petitioner in various law suits but the company has not charged markup/cost of fund amounting to Rs. 537.01 million (2016: Rs. 456.51 million) on various financings / investments due to pending litigations. Had the management recognized the said markup/cost of fund then equity and net assets would have been decreased by Rs. 537.01 million (2016: Rs. 456.51 million) and net profit for the year would have been decreased by Rs. 80.50 million (2016: Rs. 92.85 million);
- b) in our opinion, except for the effects, if any, of the matters referred to in paragraph '(a)' above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- c) in our opinion, except for the effects, if any, of the matters referred to in paragraph '(a)' above-
  - (i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
  - (ii) the expenditure incurred during the year were for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- d) in our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters as discussed in paragraph '(a)' 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, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended;
- e) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980-(XVIII of 1980); and
- f) notwithstanding our qualified opinion, we draw attention to the following matters:
- i) as described in note 1.01.2 to the financial statements which indicates that at the balance sheet date, the Company has accumulated losses amounting to Rs. 2,790.41 million (2016: Rs. 2,835.91 million) and its current liabilities exceed its current assets by Rs. 641.58 million (2016: Rs. 1,057.58 million). The company is facing operational and financial crisis. These factors indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in normal course of business. However, due to the mitigating factors as described in the above mentioned note, these financial statements have been prepared on going concern basis. Our opinion is not modified in respect of this matter.
- ii) as described in note 1.01.2 to the financial statements which inter alia states that equity of the company is falling short by Rs. 1,706.75 million (2016: Rs. 1,933.53 million) to meet prescribed minimum equity as required under the Non-Banking Finance Companies and Notified Entities Regulation, 2008 for the Companies undertaking business of investment finance services. Our opinion is not modified in respect of this matter.

Lahore  
04 October 2017

  
Tariq Abdul Ghani Maqbool and Company  
Chartered Accountants  
**Shahid Mehmood**  
(Engagement Partner)

# BALANCE SHEET

AS AT JUNE 30, 2017

|  | Note | 2017<br>Rupees       | 2016<br>Rupees<br>(Restated) | 2015<br>Rupees<br>(Restated) |
|--|------|----------------------|------------------------------|------------------------------|
| <b>ASSETS</b>  |      |                      |                              |                              |
| <b>Non-current assets</b>                              |      |                      |                              |                              |
| Fixed assets   | 7    | 528,376,089          | 663,292,801                  | 941,468,678                  |
| Investment property                                    | 8    | 1,970,571,427        | 1,970,571,427                | 2,000,000,000                |
| Long term investments                                  | 9    | 11,963,894           | 13,853,272                   | 29,716,958                   |
| Long term loans and advances                           | 10   | -                    | 968,039                      | 16,761,654                   |
| Finance lease receivables                              | 11   | -                    | -                            | -                            |
| Long term deposits                                     |      | 3,602,231            | 3,602,231                    | 3,611,550                    |
|  |      | <b>2,514,513,641</b> | <b>2,652,287,770</b>         | <b>2,991,558,840</b>         |
| <b>Current assets</b>                                  |      |                      |                              |                              |
| Current maturities of non - current assets             | 12   | 1,011,480,764        | 1,051,269,212                | 1,059,226,136                |
| Short term loans and advances                          | 13   | 70,151,078           | 58,666,970                   | 46,520,641                   |
| Short term investments                                 | 14   | -                    | 7,000,000                    | 11,000,000                   |
| Short term prepayments                                 |      | 289,511              | 3,135,612                    | 2,972,914                    |
| Mark-up accrued  | 15   | 192,719,996          | 190,599,224                  | 190,948,268                  |
| Taxation - net   |      | 1,367,210            | 2,878,621                    | 1,045,388                    |
| Other receivables                                      | 16   | 311,267,131          | 223,511,822                  | 154,546,031                  |
| Cash and bank balances                                 | 17   | 4,784,171            | 14,948,365                   | 6,396,174                    |
|  |      | <b>1,592,059,861</b> | <b>1,552,009,826</b>         | <b>1,472,655,552</b>         |
| Assets classified as held for sale                     | 18   | 280,000,000          | 159,000,000                  | -                            |
|  |      | <b>4,386,573,502</b> | <b>4,363,297,596</b>         | <b>4,464,214,392</b>         |
| <b>EQUITY AND LIABILITIES</b>                          |      |                      |                              |                              |
| <b>Share capital and reserves</b>                      |      |                      |                              |                              |
| Authorized share capital                               | 19   | 2,200,000,000        | 1,500,000,000                | 1,500,000,000                |
| Issued, subscribed and paid-up capital                 | 19   | 1,383,982,139        | 892,028,729                  | 892,028,729                  |
| Reserves   | 20   | (2,469,970,886)      | (2,535,566,924)              | (2,565,785,206)              |
| Long term financing-subordinated loan                  | 21   | 129,238,592          | 398,515,980                  | 2,788,220,472                |
| Loan from related parties                              | 22   | 2,490,547,689        | 2,575,547,689                | -                            |
|  |      | <b>1,533,797,534</b> | <b>1,330,525,474</b>         | <b>1,114,463,995</b>         |
| <b>Non-current liabilities</b>                         |      |                      |                              |                              |
| Long term financing-others                             | 23   | 20,952,780           | 25,527,780                   | 57,624,657                   |
| Long term morabaha                                     | 24   | -                    | -                            | -                            |
| Liabilities against assets subject to finance lease    | 25   | 604,415              | 1,231,575                    | -                            |
| Long term certificates of investment                   | 26   | 221,062,389          | 227,062,389                  | 1,562,500                    |
| Deferred liabilities                                   | 27   | 8,053,270            | 6,775,700                    | 7,471,687                    |
| Long term deposits                                     | 28   | 88,467,647           | 3,584,053                    | 35,237,224                   |
|  |      | <b>339,140,501</b>   | <b>264,181,497</b>           | <b>101,896,068</b>           |
| <b>Current liabilities</b>                             |      |                      |                              |                              |
| Short term borrowings                                  | 29   | 39,413,532           | 39,413,532                   | 39,413,532                   |
| Short term certificates of investment                  | 30   | 465,970,519          | 557,912,544                  | 1,036,976,463                |
| Current maturities of non current liabilities          | 31   | 1,305,974,991        | 1,403,260,455                | 1,663,119,562                |
| Mark-up accrued  | 32   | 168,270,073          | 176,382,210                  | 259,273,170                  |
| Trade and other payables                               | 33   | 61,908,044           | 237,754,877                  | 249,071,602                  |
|  |      | <b>2,041,537,159</b> | <b>2,414,723,618</b>         | <b>3,247,854,329</b>         |
| Liabilities against assets classified as held for sale | 18   | 472,098,308          | 353,867,007                  | -                            |
| Contingencies and commitments                          | 34   | -                    | -                            | -                            |
|  |      | <b>4,386,573,502</b> | <b>4,363,297,596</b>         | <b>4,464,214,392</b>         |

The annexed notes from 01 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

|   | Note | 2017<br>Rupees | 2016<br>Rupees |
|---|------|----------------|----------------|
| <b>Income</b>   |      |                |                |
| Income from lease operations                              | 35   | 6,694,399      | 40,518,360     |
| Income from investments                                   | 36   | 594,185        | 258,561        |
| Income from term loans                                    | 37   | 24,116,845     | 18,375,830     |
| Commission income   |      | 13,818,650     | 12,059,077     |
|   |      | 45,224,079     | 71,211,828     |
| Finance cost  | 38   | 568,364        | 2,662,301      |
|   |      | 44,655,715     | 68,549,527     |
| Administrative and operating expenses                     | 39   | 77,550,018     | 73,312,713     |
|   |      | (32,894,303)   | (4,763,186)    |
| <b>Other income</b>                                       | 40   | 113,073,961    | 23,327,666     |
|   |      | 80,179,658     | 18,564,480     |
| Other operating expenses                                  | 41   | 23,115,376     | 17,224,249     |
| <b>Profit before provisions and taxation</b>              |      | 57,064,282     | 1,340,231      |
| Provision reversed against lease and term loan            | 42   | (486,069)      | (19,335,432)   |
| Impairment charged/(reversed) in the value of investments | 43   | (943,913)      | 289,299        |
|   |      | (1,429,982)    | (19,046,133)   |
| <b>Profit before taxation</b>                             |      | 58,494,264     | 20,386,364     |
| Taxation  | 44   | 1,582,980      | 106,641        |
| <b>Net profit for the year</b>                            |      | 56,911,284     | 20,279,723     |
| <b>Earnings per share - basic</b>                         | 45   | 0.60           | 0.23           |
| <b>Earnings per share - diluted</b>                       | 45   | 0.60           | 0.23           |

The annexed notes from 01 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

|   | 2017<br>Rupees    | 2016<br>Rupees    |
|---|-------------------|-------------------|
| Net profit for the year   | 56,911,284        | 20,279,723        |
| <b>Other comprehensive income</b>   |                   |                   |
| Items that may be reclassified subsequently to profit and loss account  |                   |                   |
| - Net fair value gain on available for sale financial assets  | -                 | 293,554           |
| - Gain during the year transferred to profit and loss account on derecognition of available for sale investment | -                 | 8,642,579         |
|   | -                 | 8,936,133         |
| Items that will not be reclassified subsequently to profit and loss account                                     |                   |                   |
| - Remeasurement of defined benefit obligation   | (26,215)          | 1,002,426         |
| <b>Total comprehensive income for the year</b>  | <b>56,885,069</b> | <b>30,218,282</b> |

The annexed notes from 01 to 54 form an integral part of these financial statements.

# CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

|   | Note | 2017<br>Rupees             | 2016<br>Rupees<br>(Restated) |
|---|------|----------------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                            |                              |
| Profit before taxation  |      | 58,494,264                 | 20,386,364                   |
| <b>Adjustments for non cash / non operating items:</b>          |      |                            |                              |
| Depreciation  |      | 3,295,665                  | 2,665,029                    |
| Provision for staff service cost                                |      | 2,297,175                  | 2,594,514                    |
| Provision reversed against lease and term loan                  |      | (486,069)                  | (19,335,432)                 |
| Lease receivables written off                                   |      | 14,404,407                 | 6,396,619                    |
| Loss on disposal of investments                                 |      | 8,710,969                  | 8,642,579                    |
| Finance cost  |      | 568,364                    | 2,662,301                    |
| (Gain)/Loss on disposal of fixed assets                         |      | (78,829)                   | 2,185,051                    |
| Profit on settlement  |      | (112,995,132)              | (23,041,567)                 |
| Impairment charged in the value of investment                   |      | (943,913)                  | 289,299                      |
|   |      | <u>(85,227,363)</u>        | <u>(16,941,607)</u>          |
| <b>Operating (loss) / profit before working capital changes</b> |      | <b>(26,733,099)</b>        | <b>3,444,757</b>             |
| <b>Changes in operating assets and liabilities:</b>             |      |                            |                              |
| <b>(Increase) / decrease in assets:</b>                         |      |                            |                              |
| Long term loans and advances                                    |      | 2,163,433                  | 9,443,611                    |
| Finance lease receivables                                       |      | 38,593,054                 | 39,022,593                   |
| Short term loans and advances                                   |      | (4,565,000)                | 1,861,731                    |
| Short term investments  |      | 7,000,000                  | 3,000,000                    |
| Short term prepayments  |      | 2,846,101                  | (162,698)                    |
| Mark-up accrued   |      | (24,259,082)               | 1,208,417                    |
| Other receivables   |      | (87,217,240)               | (57,133,964)                 |
|   |      | <u>(65,438,734)</u>        | <u>(2,760,310)</u>           |
| <b>Increase / (decrease) in liabilities:</b>                    |      |                            |                              |
| Certificates of investment                                      |      | (71,090,249)               | (260,433,250)                |
| Trade and other payables  |      | (44,429,884)               | (11,316,725)                 |
| Long term deposits  |      | 8,836,113                  | (1,503,823)                  |
|   |      | <u>(106,684,020)</u>       | <u>(273,253,798)</u>         |
|   |      | <u>(172,122,754)</u>       | <u>(276,014,108)</u>         |
| <b>Cash (used in) / generated from operations</b>               |      | <b>(198,855,853)</b>       | <b>(272,569,351)</b>         |
| Finance cost paid   |      | (8,680,501)                | (10,399,713)                 |
| Taxes paid  |      | (71,569)                   | (1,939,874)                  |
| Staff service cost paid   |      | (998,791)                  | (2,288,075)                  |
|   |      | <u>(9,750,861)</u>         | <u>(14,627,662)</u>          |
| <b>Net cash used in operating activities</b>                    |      | <b>(208,606,714)</b>       | <b>(287,197,013)</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                            |                              |
| Purchase of fixed assets  |      | (4,751,224)                | (4,213,917)                  |
| Capital work in progress  |      | -                          | -                            |
| Long term investments   |      | 1,889,378                  | 1,433,396                    |
| Long term deposits  |      | -                          | 9,319                        |
| Proceeds from disposal of fixed assets                          |      | 2,548,700                  | 147,968,287                  |
| <b>Net cash generated from investing activities</b>             |      | <b>(313,146)</b>           | <b>145,197,085</b>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                            |                              |
| Long term financing   |      | 199,290,664                | 148,785,544                  |
| Liabilities against assets subject to finance lease             |      | (534,998)                  | 1,766,575                    |
| Dividend  |      | -                          | -                            |
| Net cash generated from/(used in) financing activities          |      | <u>198,755,666</u>         | <u>150,552,119</u>           |
| Net increase/(decrease) in cash and cash equivalents            |      | <u>(10,164,194)</u>        | <u>8,552,191</u>             |
| Cash and cash equivalents at the beginning of the year          |      | <u>(24,465,167)</u>        | <u>(33,017,358)</u>          |
| Cash and cash equivalents at the end of the year                | 48   | <u><u>(34,629,361)</u></u> | <u><u>(24,465,167)</u></u>   |

The annexed notes from 01 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

|   | (Rupees)        |                   |                    |   |                  |                    |                   |                 |
|---|-----------------|-------------------|--------------------|---|------------------|--------------------|-------------------|-----------------|
|   | Ordinary Shares | Preference Shares | Capital Reserves   |   | Revenue Reserves |                    | Subordinated loan | Total           |
|   |                 |                   | Statutory Reserves | Loss on Remeasurement of Available for Sale Investments | General Reserves | Accumulated Losses |                   |                 |
| <b>Balance as at 01 July 2015</b>   | 741,278,729     | 150,750,000       | 243,620,723        | (17,647,102)  | 61,000,000       | (2,781,029,967)    | -                 | (1,602,027,617) |
| Effect of adjustment of restatement as discussed in note No. 52.  | -               | -                 | -                  | -   | -                | (71,728,860)       | -                 | (71,728,860)    |
| <b>Balance as at 01 July 2015 - restated</b>  | 741,278,729     | 150,750,000       | 243,620,723        | (17,647,102)  | 61,000,000       | (2,852,758,827)    | -                 | (1,673,756,477) |
| <b>Total Comprehensive Income:</b>  |                 |                   |                    |   |                  |                    |                   |                 |
| Profit for the year ended 30 June 2016  | -               | -                 | -                  | -   | -                | 20,279,723         | -                 | 20,279,723      |
| Other comprehensive income:   |                 |                   |                    |   |                  |                    |                   |                 |
| Items that may be reclassified subsequently to profit and loss account  |                 |                   |                    |   |                  |                    |                   |                 |
| - Net fair value gain on available for sale financial assets  | -               | -                 | -                  | 293,554   | -                | -                  | -                 | 293,554         |
| - Gain during the year transferred to profit and loss account on derecognition of available for sale investment | -               | -                 | -                  | 8,642,579   | -                | -                  | -                 | 8,642,579       |
| Items that not to be reclassified subsequently to profit and loss account in subsequent periods                 |                 |                   |                    |   |                  |                    |                   |                 |
| - Remeasurement of defined benefit obligation   | -               | -                 | -                  | -   | -                | 1,002,426          | -                 | 1,002,426       |
| <b>Total Comprehensive Income</b>   | -               | -                 | -                  | 8,936,133   | -                | 21,282,149         | -                 | 30,218,282      |
| Transfer to statutory reserves  | -               | -                 | 4,434,766          | -   | -                | (4,434,766)        | -                 | -               |
| Reclassification of subordinated loan   | -               | -                 | -                  | -   | -                | -                  | 398,515,980       | 398,515,980     |
| Reclassification of related party loan  | -               | -                 | -                  | -   | -                | -                  | 2,575,547,689     | 2,575,547,689   |
| Conversion of preference shares into ordinary shares  | 150,750,000     | (150,750,000)     | -                  | -   | -                | -                  | -                 | -               |
| <b>Balance as at 01 July 2016 - restated</b>  | 892,028,729     | -                 | 248,055,489        | (8,710,969)   | 61,000,000       | (2,835,911,444)    | 398,515,980       | 1,330,525,474   |
| <b>Total Comprehensive Income:</b>  |                 |                   |                    |   |                  |                    |                   |                 |
| Profit for the year ended 30 June 2017  | -               | -                 | -                  | -   | -                | 56,911,284         | -                 | 56,911,284      |
| Other comprehensive income:   |                 |                   |                    |   |                  |                    |                   |                 |
| Items that may be reclassified subsequently to profit and loss account  |                 |                   |                    |   |                  |                    |                   |                 |
| - Gain during the year transferred to profit and loss account on derecognition of available for sale investment | -               | -                 | -                  | 8,710,969   | -                | -                  | -                 | 8,710,969       |
| Items that not to be reclassified subsequently to profit and loss account in subsequent periods                 |                 |                   |                    |   |                  |                    |                   |                 |
| - Remeasurement of defined benefit obligation   | -               | -                 | -                  | -   | -                | (26,215)           | -                 | (26,215)        |
| <b>Total Comprehensive Income</b>   | -               | -                 | -                  | 8,710,969   | -                | 56,885,069         | -                 | 65,596,038      |
| Transfer to statutory reserves  | -               | -                 | 11,382,257         | -   | -                | (11,382,257)       | -                 | -               |
| Settlement of liability   | -               | -                 | -                  | -   | -                | -                  | (85,000,000)      | (354,277,388)   |
| Conversion of preference shares dividend into ordinary shares   | 185,131,020     | -                 | -                  | -   | -                | -                  | -                 | 185,131,020     |
| Issue of ordinary share against liability   | 306,822,390     | -                 | -                  | -   | -                | -                  | -                 | 306,822,390     |
| <b>Balance as at 30 June 2017</b>   | 1,383,982,139   | -                 | 259,437,746        | -   | 61,000,000       | (2,790,408,652)    | 129,238,592       | 1,553,797,534   |

The annexed notes from 01 to 54 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

## 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 unquoted subsidiary company "Logic Management Services (Private) Limited" formerly: Trust Capital (Private) Limited ("TCPL").

### 1.01 Parent Company

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

**1.01.2** The accumulated losses of the company amounting to Rs. 2,790.41 million as at balance sheet date and as of that date its current liabilities exceed its current assets by Rs. 641.58 million and over due instalments of financing from banking companies, financial Institutions, term finance certificates holders and depositors amounting to Rs. 1,865.85 million. The company has paid renewal fee for Investment Finance Services (IFS) license, however, the Securities and 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. Moreover, the Pakistan Credit Rating Agency Limited (PACRA) has withdrawn the long-term (previously D) and short-term (previously D) credit rating since 19 November 2012 on the management's request. These conditions along with adverse key financial ratios and the pending litigations with the banking companies, financial institutions and investors indicate the existence of material uncertainty which may cast significant doubt about the companies 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.

SECP vide SRO # 1160/(1)/2015 dated November 25, 2015 has made certain amendments in NBFCs and Notified Entities Regulations 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs. 750 million. However, the equity under the said regulations is falling short by Rs. 1,706.75 million (2016: Rs. 1,933.53 million). SECP had given time period of one year to the existing lending NBFCs to meet the minimum equity requirement provided. The said period has lapsed during the year i.e. November 25, 2016, but the company did not meet the minimum equity requirement.

During the year, the company has successfully negotiated settlement with major depositors through settlement against cash / properties. During the year, Company has classified its non current assets held for sale amounting to Rs. 280 million to settle its overdue current liabilities amounting to Rs. 472.10 million which will strengthen the liquidity of the company. The management has already initiated an active plan to sell the asset with in one year. Negotiations with banks/financial institutions under litigation with the company are in process. Further, the management is very hopeful that it will be able to negotiate/restructure the remaining loans on favourable terms. The company has generated some liquidity through expediting recovery process. The directors/sponsors of the company has also injected the funds on and when required, and has also given the surety to inject the funds as per the requirements of the company in future which will result in improvement in the financial and operational conditions of the company. With all these measures in place and expected cash injection from directors and financial institutions in coming months, the liquidity position will be strengthened. 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, due to the above mentioned mitigating factors these financial statements have been prepared on going concern basis.

### 1.02 Subsidiary Company

**1.02.1** During the year the name of the subsidiary company "Trust Capital (Private) Limited" was changed to Logic Management Services (Private) Limited. The business of the company is to provide consultancy services. The registered office of the company is located at 6th Floor, M. M. Tower, 28 - A / K, Gulberg II, Lahore.

## 2 STATEMENT OF COMPLIANCE

**2.01** During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of

these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

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.

## 2.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

### Standards, amendments to published standards and interpretations effective in current year

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2016:

#### Improvement to Accounting Standards Issued by the IASB

- IAS 7 - Disclosure initiatives
- IAS 12 - Recognition of deferred tax asset for unrealized losses
- IFRS 12 - Disclosure of interest in other entities

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

### Standards, interpretations and amendments to published standards that are effective but not relevant to the company

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2016 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

### Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

|        |  |                 |
|--------|--|-----------------|
| IFRS 2 | - Classification and measurement of share based payment transactions | 01 January 2018 |
| IFRS 4 | - Insurance contracts  | 01 January 2018 |
| IAS 40 | - Investment property  | 01 January 2018 |
| IFRS 1 | - First time adoption of International Financial Reporting Standard  | 01 January 2018 |
| IAS 28 | - Investments in Associated and joint ventures                       | 01 January 2018 |

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| <u>Standard or Interpretation</u> | <u>Effective date<br/>(accounting periods<br/>Beginning on or after)</u> |                 |
|-----------------------------------|--|-----------------|
| IFRS 09 -                         | Financial Instruments: Classification and Measurement                    | 01 January 2018 |
| IFRS 15 -                         | Revenue from Contracts with Customers                                    | 01 January 2018 |
| IFRIC 22 -                        | Foreign currency transaction and advance consideration                   | 01 January 2018 |
| IFRIC 23 -                        | Uncertainty over Income Tax treatments                                   | 01 January 2019 |
| IFRS 16 -                         | Leases   | 01 January 2019 |
| IFRS 17 -                         | Insurance contracts  | 01 January 2021 |

### 3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 4 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis and certain other investments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

### 5 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

- Useful life of depreciable assets;
- Provision for doubtful receivables;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Impairment of assets.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

### 6 SIGNIFICANT ACCOUNTING POLICIES

#### 6.01 Property, plant and equipment

##### Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to income by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on additions to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's income.

Subsequent costs are included in the asset's carrying amount and recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the profit and loss account during the year in which these are incurred.

##### Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to owned assets applying reducing balance method, except vehicles for which straight line method is used, to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease period.

Insurance and other maintenance costs are borne by the Company.

Financial charges and depreciation on leased assets are charged to profit and loss account currently.

### **Capital work in progress**

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

### **Investment Property**

Investment property, principally comprising of land, is held for long term rental yields / capital appreciation. The investment property of the Company comprises of land and is valued using the cost method i.e. at cost less impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property in working condition for their intended use and capitalized borrowing costs, if any. The residual values and useful lives of investment property are reviewed at each reporting date and adjusted, if appropriate. The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in profit and loss account.

#### **6.02 Non-current assets (or disposal group) classified as held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment once classified as held for sale are not depreciated or amortised.

#### **6.03 Investments**

##### **(i) Financial assets at fair value through profit and loss (Held for trading)**

These securities are either acquired for generating a profit from short term fluctuations in prices or securities included in a portfolio in which a pattern of short term profit taking exists. These investments are initially measured at fair value being the consideration given. On subsequent reporting dates, these are measured at fair values on quoted market price and unrealized gains and losses arising from changes in the fair values are recognized in the income of the period in which these arise.

##### **(ii) Investments held to maturity**

These are securities with fixed or determinable payments and fixed maturity where the Company has a positive intent and ability to hold till maturity. These are initially measured at fair value being the consideration given plus transactions' costs that are attributable to the acquisition of these investments. At subsequent reporting dates, these are measured at amortized cost using effective interest rate method. Mark-up calculated using the effective interest rate method is recognized in the profit and loss account. Impairment loss, if any, is recognized in profit and loss in the period it arises.

##### **(iii) 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 available for sale investment are recognised directly in other comprehensive income, 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.

**(iv) Investments in associates and related parties**

Investment in associates and related parties where the Company can exercise significant influence; has intention and ability to hold the investment for more than twelve months of acquisition and are not held for sale are accounted for using the equity method of accounting. Impairment in value, if any, is recognized in profit and loss in the period it arises.

**(v) 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".

**(vi) Investment in unquoted securities**

Investment in unquoted securities are initially measured at cost. Impairment loss, if any, is charged to profit and loss account.

**(vii) 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 investments, 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.

**(viii) 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. Mark-up 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.

**6.04 Trade and settlement date accounting**

All purchase and sale of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Investment Bank commits to purchase or sell the investment.

**6.05 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 mark-up 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.

**6.06 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.

**6.07 Finance lease receivables**

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.

**6.08 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.

**6.09 Taxation****Current**

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

**Deferred**

Deferred tax liability is accounted for in respect of all taxable temporary differences at the balance sheet date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

## 6.10 Share capital

### Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

### Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

## 6.11 Contingencies

Contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 6.12 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

## 6.13 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 are 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.

#### 6.14 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.

#### 6.15 Staff retirement benefits

##### Defined benefit plan

The Company operates an approved unfunded defined benefit gratuity plan 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. Past service costs are recognised immediately in profit and loss account. The benefit is calculated as follows:

Last drawn gross salary x Number of completed years of services

Six or more months of service in excess of completed years of service is counted as one complete year. However, less than six months of service is ignored.

As per actuarial valuation carried out as at 30 June 2017, the following significant assumptions were used:

|  |                                 |          |
|--|---------------------------------|----------|
| Discount factor used   | 7.25%                           | 9.75%    |
| Expected rate of eligible salary increase in future years    | 6.75%                           | 6.25%    |
| Expected rate of return on plan assets                       | 7.75%                           | 7.25%    |
| Expected average remaining years until vesting as on 30 June | 7 years                         | 8 years  |
| Expected mortality rate                                      | SLIC 2001 - 2005 Setback 1 Year |          |
| Retirement assumptions                                       | 60 years                        | 60 years |

##### Accumulating compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue. As the component of liability involved is not material, the company did not carry out actuarial valuation for the said liability.

#### 6.16 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.

#### 6.17 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.

#### 6.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which such costs are capitalised as part of the cost of that asset. Currently, the company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

#### 6.19 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.

**6.20 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.

**6.21 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.

**6.22 Dividends and other appropriations**

Dividend is recognized as a liability in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

**6.23 Bonus shares**

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

**6.24 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

**6.25 Segment reporting**

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment income and expenses are eliminated from the total.

|                               | Note | 2017<br>Rupees     | 2016<br>Rupees     |
|-------------------------------|------|--------------------|--------------------|
| <b>7</b>                      |      |                    |                    |
| <b>FIXED ASSETS</b>           |      |                    |                    |
| <b>Tangible</b>               |      |                    |                    |
| Property, plant and equipment | 7.01 | 528,376,089        | 650,390,401        |
| Capital work in progress      | 7.02 | -                  | 12,902,400         |
|                               |      | <u>528,376,089</u> | <u>663,292,801</u> |

## 7.01 Property, plant and equipment

The following is a statement of operating fixed assets (tangible):

|   | Land          | Building on freehold land | Leasehold improvements | Office equipment and machines | Furniture and fixtures | Air-conditioning equipment | Vehicles    | Leased Vehicles | Total         |
|---|---------------|---------------------------|------------------------|-------------------------------|------------------------|----------------------------|-------------|-----------------|---------------|
| <i>Rupees</i>   |               |                           |                        |                               |                        |                            |             |                 |               |
| <b>At 30 June 2015</b>  |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost  | 813,287,560   | 10,334,400                | 19,668,153             | 17,944,854                    | 11,074,738             | 807,184                    | 4,121,853   | -               | 877,238,742   |
| Accumulated depreciation  | -             | -                         | (16,558,838)           | (14,296,777)                  | (6,969,646)            | (520,690)                  | (1,897,063) | -               | (40,243,014)  |
| Net book value in Rupees  | 813,287,560   | 10,334,400                | 3,109,315              | 3,648,077                     | 4,105,092              | 286,494                    | 2,224,790   | -               | 836,995,728   |
| <b>Year ended 30 June 2016</b>  |               |                           |                        |                               |                        |                            |             |                 |               |
| Additions   | -             | -                         | -                      | 1,622,417                     | -                      | -                          | 47,500      | 2,544,000       | 4,213,917     |
| Disposal  |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost  | (27,287,560)  | -                         | (2,864,163)            | (1,200,151)                   | (1,200,151)            | (268,240)                  | (2,437,997) | -               | (34,058,111)  |
| Depreciation  | -             | -                         | 2,438,863              | 763,625                       | 197,984                | 197,984                    | 1,503,424   | -               | 4,903,896     |
| Net book value  | (27,287,560)  | -                         | (425,300)              | (436,526)                     | (383,835)              | (70,256)                   | (934,573)   | -               | (29,154,215)  |
| Depreciation charge for the year (note 7.01.1)                          | -             | (66,720)                  | (621,864)              | (793,395)                     | (383,835)              | (24,372)                   | (732,443)   | (42,400)        | (2,665,029)   |
| Transferred to non current assets classified as held for sale (note 18) | (150,000,000) | (9,000,000)               | -                      | -                             | -                      | -                          | -           | -               | (159,000,000) |
| <b>Net book value as at 30 June 2016</b>                                | 636,000,000   | 1,267,680                 | 2,487,451              | 4,051,799                     | 3,284,731              | 191,866                    | 605,274     | 2,501,600       | 650,390,401   |
| <b>Year ended 30 June 2017</b>  |               |                           |                        |                               |                        |                            |             |                 |               |
| Additions   | -             | -                         | -                      | 1,645,864                     | 36,000                 | 85,000                     | -           | 2,984,360       | 4,751,224     |
| Disposal  |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost  | -             | -                         | -                      | (30,000)                      | -                      | -                          | -           | (2,544,000)     | (2,574,000)   |
| Depreciation  | -             | -                         | -                      | 19,329                        | -                      | -                          | -           | 84,800          | 104,129       |
| Net book value  | -             | -                         | -                      | (10,671)                      | -                      | -                          | -           | (2,459,200)     | (2,469,871)   |
| Depreciation charge for the year (note 7.01.1)                          | -             | (513,384)                 | (497,484)              | (1,063,442)                   | (330,900)              | (20,604)                   | (121,055)   | (748,796)       | (3,295,665)   |
| Reclassified as held for sale (note 18)                                 | (280,000,000) | -                         | -                      | -                             | -                      | -                          | -           | -               | (280,000,000) |
| Transferred from held for sale  | 150,000,000   | 9,000,000                 | -                      | -                             | -                      | -                          | -           | -               | 159,000,000   |
| <b>Net book value as at 30 June 2017</b>                                | 506,000,000   | 9,754,296                 | 1,989,967              | 4,623,550                     | 2,989,831              | 256,262                    | 484,219     | 2,277,964       | 528,376,089   |
| <b>At 30 June 2016</b>  |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost  | 636,000,000   | 1,334,400                 | 19,668,153             | 16,703,108                    | 9,874,587              | 538,944                    | 1,731,356   | 2,544,000       | 688,394,548   |
| Accumulated depreciation  | -             | (66,720)                  | (17,180,702)           | (12,651,309)                  | (6,589,856)            | (347,078)                  | (1,126,082) | (42,400)        | (38,004,147)  |
| Net book value in Rupees  | 636,000,000   | 1,267,680                 | 2,487,451              | 4,051,799                     | 3,284,731              | 191,866                    | 605,274     | 2,501,600       | 650,390,401   |
| <b>At 30 June 2017</b>  |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost  | 506,000,000   | 10,334,400                | 19,668,153             | 18,318,972                    | 9,910,587              | 623,944                    | 1,731,356   | 2,984,360       | 569,571,772   |
| Accumulated depreciation  | -             | (580,104)                 | (17,678,186)           | (13,695,422)                  | (6,920,756)            | (367,682)                  | (1,247,137) | (706,396)       | (41,195,683)  |
| Net book value in Rupees  | 506,000,000   | 9,754,296                 | 1,989,967              | 4,623,550                     | 2,989,831              | 256,262                    | 484,219     | 2,277,964       | 528,376,089   |
| Annual rates of depreciation (%)  | -             | 5%                        | 20%                    | 20%                           | 10%                    | 10%                        | 20%         | 20%             | 20%           |

**7.01.1** Depreciation charge for the year has been allocated as follows:

|                                       | <b>30 June 2017</b> | <b>30 June 2016</b> |
|---------------------------------------|---------------------|---------------------|
|                                       | <b>Rupees</b>       | <b>Rupees</b>       |
| Administrative and operating expenses | 3,295,665           | 2,665,029           |
|                                       | <b>3,295,665</b>    | <b>2,665,029</b>    |

**7.01.2** No impairment relating to operating fixed assets has been recognised in the current year.

### **7.01.3 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**

The following operating fixed assets with a net book value exceeding Rs. 50,000 were disposed off during the year:

| Sr. No. | Description   | Cost             | Accumulated Depreciation | Book Value       | Sales Proceeds   | Gain / (Loss) | Mode of Disposal | Sold To                         |
|---------|---|------------------|--------------------------|------------------|------------------|---------------|------------------|---------------------------------|
| 1       | Vehicle   | 2,544,000        | 84,800                   | 2,459,200        | 2,544,000        | 84,800        | Negotiation      | Capital Investment Bank Limited |
|         | Aggregate of items of operating fixed                       |                  |                          |                  |                  |               |                  |                                 |
| 2       | assets with individual book values not exceeding Rs. 50,000 | 30,000           | 19,329                   | 10,671           | 4,700            | (5,971)       |                  |                                 |
|         | <b>Rupees 2017</b>  | <b>2,574,000</b> | <b>104,129</b>           | <b>2,469,871</b> | <b>2,548,700</b> | <b>78,829</b> |                  |                                 |
|         | Rupees 2016   | 148,256,588      | 3,215,100                | 145,041,488      | 197,087,590      | 52,046,102    |                  |                                 |

|   | Note   | 2017<br>Rupees       | 2016<br>Rupees       |
|---|--|----------------------|----------------------|
| <b>7.02 Capital work in progress</b>  |  |                      |                      |
| Opening balance   |  | 12,902,400           | 104,472,950          |
| Additions   |  | -                    | -                    |
|   |  | <u>12,902,400</u>    | <u>104,472,950</u>   |
| Transfer  |  | -                    | (91,570,550)         |
| Disposal  | 7.03   | <u>(12,902,400)</u>  | -                    |
| Closing balance   |  | <u>-</u>             | <u>12,902,400</u>    |
| <b>7.03 Disposal of Capital work in progress</b>  |  |                      |                      |
| China Centre - shops  | 7.03.1   | <u>12,902,400</u>    | -                    |
|   |  | <u>12,902,400</u>    | -                    |
| <b>7.03.1</b>   | During the year, said property had been disposed off to a party against certificates of investment.                                      |                      |                      |
| <b>8 INVESTMENT PROPERTY</b>  |  |                      |                      |
| Opening balance   |  | 1,970,571,427        | 2,000,000,000        |
| Addition during the year  |  | -                    | -                    |
| Disposal during the year  |  | -                    | (29,428,573)         |
|   |  | <u>1,970,571,427</u> | <u>1,970,571,427</u> |
| <b>8.01</b>   | This land is against subordinated loan from a director. Title of this property has been transferred in the name of the company.          |                      |                      |
| <b>8.02</b>   | There is no significant change in the fair value of Investment property from the previous year which was amounting to Rs. 2,210 million. |                      |                      |
| <b>9 LONG TERM INVESTMENTS</b>  |  |                      |                      |
| Investment in subsidiary-at cost  | 9.01   | 10,508,584           | 9,564,671            |
| Investment in financial instruments   | 9.02   | 40,329,060           | 43,162,351           |
|   |  | <u>50,837,644</u>    | <u>52,727,022</u>    |
| Less: Current portion of long term investments  | 12   | <u>38,873,750</u>    | <u>38,873,750</u>    |
|   |  | <u>11,963,894</u>    | <u>13,853,272</u>    |
| <b>9.01 Investment in subsidiary-at cost</b>  |  |                      |                      |
| This represents the investment made in "Logic Management Services (Private) Limited" formerly "Trust Capital (Private) Limited (TCPL)" a wholly owned un-quoted company, details of which are as follows: |  |                      |                      |
| 6,000,000 (2016: 6,000,000) shares of Rs. 10/- each   |  | 60,000,000           | 60,000,000           |
| Less: Accumulated impairment  |  | <u>49,491,416</u>    | <u>50,435,329</u>    |
|   |  | <u>10,508,584</u>    | <u>9,564,671</u>     |
| Breakup value is Rs. 1.75 per share as at 30 June 2017 (2016: Rs. 1.59/- per share), based on audited financial statements as at 30 June 2017/2016.   |  |                      |                      |
| <b>9.01.1 Summarised financial information of subsidiary</b>  |  |                      |                      |
| Aggregate amount of:  |  |                      |                      |
| Assets  |  | <u>56,323,963</u>    | <u>62,708,117</u>    |
| Liabilities   |  | <u>45,815,379</u>    | <u>53,143,446</u>    |
| Revenue   |  | <u>11,483,680</u>    | <u>3,967,500</u>     |
| Profit for the year   |  | <u>943,913</u>       | <u>710,701</u>       |

|   | Note   | 2017<br>Rupees | 2016<br>Rupees |
|---|--------|----------------|----------------|
| <b>9.02 Investment in financial instruments</b>     |        |                |                |
| <b>Held to maturity</b>                             |        |                |                |
| <b>Term finance certificates</b>                    |        |                |                |
| Azgard Nine Limited                                 | 9.02.1 | 30,485,310     | 30,485,310     |
| <b>Sukuks</b>                                       |        |                |                |
| Eden Housing Limited                                | 9.02.2 | 9,843,750      | 9,843,750      |
| New Allied Electronics Industries (Private) Limited | 9.02.3 | -              | 20,000,000     |
| Accumulated impairment                              |        | -              | (20,000,000)   |
|   |        | -              | -              |
| Balance carried forward                             |        | 40,329,060     | 40,329,060     |
| Balance brought forward                             |        | 40,329,060     | 40,329,060     |
| <b>Available for sale</b>                           |        |                |                |
| <b>Shares</b>                                       |        |                |                |
| Agritech Limited                                    | 9.02.3 | -              | 11,544,260     |
| Accumulated impairment                              |        | -              | (8,710,969)    |
|   |        | -              | 2,833,291      |
|   |        | 40,329,060     | 43,162,351     |

**9.02.1** The Company has purchased term finance certificates of Rs. 40 million, out of total issue of Rs. 2.5 billion for a period of 07 years ending on 04 December 2014 including grace period of two years. This issue has been rescheduled on 01 December 2010 and the tenure is reset for a further period of 03 years ending on 04 December 2018 including a further grace period of one year. Mark-up is carried @ 6 month KIBOR + 100 BPS upto December 2011, 6 month KIBOR + 125 BPS upto December 2015 and 6 month KIBOR + 175 BPS upto December 2017. The amount of Rs. 39.968 million will be redeemed in 16 semi annual instalments starting from July 2010 and ending on 31 December 2017. Subsequently, an agreement was signed between Azgard Nine Limited and TFC's holders on 12 April 2012.

A new TFC Investors agreement was signed on 28 June 2012 for the settlement of mark-up payable of Rs. 13.145 million upto 31 March 2012 against 2,629 numbers of Zero coupon TFC's with a grace period of 1 year and will be separately redeemed in 7 semi annual instalments starting from March 2014 and maturing on 31 March 2017.

**9.02.2** The Company has participated in Sukuks of Rs. 50 million, out of total issue of Rs. 3 billion, secured against first pari passu charge over current and future receivables of the investee upto the extent of the issue. This issue has been rescheduled for a further period of 1.5 years with the expiry of 29 September 2014. These carry mark-up @ 3 months KIBOR+ 250 BPS with floor 7% and cap of 20% from 31 March 2008 to 29 September 2013 and 3 months KIBOR + 300 BPS with floor of 7% and cap of 20% from 30 September 2013 to 29 September 2014. These certificates are redeemable in five semi annually instalments and sixteen quarterly instalments starting from 30 September 2008 and ending on 29 September 2014.

**9.02.3** During the year shares of New Allied Electronics Industries (Private) Limited and Agritech Limited have been settled against liability.

## 10 LONG TERM LOANS AND ADVANCES

### Secured:

|   |       |            |            |
|---|-------|------------|------------|
| Employees - considered good             | 10.01 | -          | 20,107     |
| Companies, organizations & individuals: |       |            |            |
| - Considered good                       | 10.02 | 31,190,779 | 33,334,105 |
| - Considered doubtful                   |       | 2,547,805  | 2,547,805  |
|   |       | 33,738,584 | 35,881,910 |
|   |       | 33,738,584 | 35,902,017 |

### Un-secured:

|  |       |             |             |
|--|-------|-------------|-------------|
| Companies, organizations & individuals - Considered doubtful | 10.03 | 393,125,286 | 393,125,286 |
|  |       | 426,863,870 | 429,027,303 |
| Less: provision against doubtful loans                       | 10.04 | 393,386,559 | 393,386,559 |
|  |       | 33,477,311  | 35,640,744  |
| Less: current maturity                                       | 12    | 33,477,311  | 34,672,705  |
|  |       | -           | 968,039     |

**10.01** It includes long term loans provided to employees which are secured against mortgage of property and carry nil mark-up (2016: nil) per annum. The maximum aggregate balance due from executives is Rs. nil (2016: Rs. 11,355).

**10.02** 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% to 21% (2016: 16% to 21%) per annum.

**10.03** It includes receivables of "Logic Management Services (Private) Limited" formerly "Trust Capital (Private) Limited" (TCPL), a subsidiary of the Company, amounting to Rs. 393 million, (2016: 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 thirty nine quarterly instalments receivable latest by 30 June 2020. It carries mark-up @ 10% per annum increasing by 2% each year upto 5 years and @ 18% from 5th year onwards.

|  | Note  | 2017<br>Rupees       | 2016<br>Rupees       |
|--|-------|----------------------|----------------------|
| <b>10.04 Provision against doubtful loans</b>                  |       |                      |                      |
| Opening balance  |       | 393,386,559          | 396,594,364          |
| Reversal during the year                                       |       | -                    | (3,207,805)          |
| Closing balance  |       | <u>393,386,559</u>   | <u>393,386,559</u>   |
| <b>10.04.1 Particulars of provision against doubtful loans</b> |       |                      |                      |
| Companies, organizations and individuals                       |       | <u>393,386,559</u>   | <u>393,386,559</u>   |
| <b>11 FINANCE LEASE RECEIVABLES</b>                            |       |                      |                      |
| Lease payments receivable                                      | 11.01 | 1,021,416,028        | 1,066,529,181        |
| Add: Residual value  |       | 273,917,501          | 273,917,501          |
| Gross Lease  |       | <u>1,295,333,529</u> | <u>1,340,446,682</u> |
| Less: Unearned finance income                                  |       | -                    | -                    |
| Present value of minimum lease payments receivables            |       | <u>1,295,333,529</u> | <u>1,340,446,682</u> |
| Income suspended   | 11.03 | 83,564,305           | 90,084,404           |
| Provision for lease losses                                     | 11.04 | 272,639,521          | 272,639,521          |
|  |       | <u>356,203,826</u>   | <u>362,723,925</u>   |
| Net finance lease receivables                                  |       | <u>939,129,703</u>   | <u>977,722,757</u>   |
| Less: Current portion of finance lease receivables             | 12    | 939,129,703          | 977,722,757          |
|  |       | <u>-</u>             | <u>-</u>             |

**30 June 2017**

|   | 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                                    | 1,295,333,529           | -   | -                     | 1,295,333,529        |
| Less: Unearned finance income                       | -                       | -   | -                     | -                    |
| Present value of minimum lease payments receivables | <u>1,295,333,529</u>    | <u>-</u>  | <u>-</u>              | <u>1,295,333,529</u> |

**30 June 2016**

|   | 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                                    | 1,340,446,682           | -   | -                     | 1,340,446,682        |
| Less: Unearned finance income                       | -                       | -   | -                     | -                    |
| Present value of minimum lease payments receivables | <u>1,340,446,682</u>    | <u>-</u>  | <u>-</u>              | <u>1,340,446,682</u> |

**11.01** The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2016: 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. The average term of finance leases entered into is five years.

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

**11.02** These leases pertain to previous years as currently the company does not have license for lease financing.

| <b>11.03</b>                         | <b>Note</b> | <b>2017<br/>Rupees</b> | <b>2016<br/>Rupees</b> |
|--------------------------------------|-------------|------------------------|------------------------|
| <b>Income suspended</b>              |             |                        |                        |
| Balance at the beginning of the year |             | <b>90,084,404</b>      | 129,584,710            |
| Suspended during the year            |             | -                      | -                      |
| Reversal of suspension               |             | <b>(6,520,099)</b>     | (39,500,306)           |
| Balance at the end of the year       |             | <b>83,564,305</b>      | <b>90,084,404</b>      |

|              |                                      |                    |                    |
|--------------|--------------------------------------|--------------------|--------------------|
| <b>11.04</b> | <b>Provision for lease losses</b>    |                    |                    |
|              | Balance at the beginning of the year | <b>272,639,521</b> | 275,340,868        |
|              | Provision during the year            | -                  | -                  |
|              | Provision reversed during the year   | -                  | (2,701,347)        |
|              | Balance at the end of the year       | <b>272,639,521</b> | <b>272,639,521</b> |

**11.05** Total amount of finance lease receivables at the end of reporting period is past due.

## **12** CURRENT MATURITIES OF NON-CURRENT ASSETS

|                                     |    |                      |                      |
|-------------------------------------|----|----------------------|----------------------|
| Long term investments               | 9  | <b>38,873,750</b>    | 38,873,750           |
| Long term loans and advances        | 10 | <b>33,477,311</b>    | 34,672,705           |
| Long term finance lease receivables | 11 | <b>939,129,703</b>   | 977,722,757          |
|                                     |    | <b>1,011,480,764</b> | <b>1,051,269,212</b> |

## **13** SHORT TERM LOANS AND ADVANCES

|                          |       |                   |                   |
|--------------------------|-------|-------------------|-------------------|
| Short term loans-secured | 13.01 | <b>34,646,749</b> | 30,133,749        |
| Short term advances      | 13.02 | <b>35,504,329</b> | 28,533,221        |
|                          |       | <b>70,151,078</b> | <b>58,666,970</b> |

### **13.01** Short term loans-secured

|  |         |                   |                   |
|--|---------|-------------------|-------------------|
| Companies, organizations and individuals |         |                   |                   |
| Considered good                          | 13.01.1 | <b>34,932,749</b> | 29,065,208        |
| Considered doubtful                      |         | -                 | 1,302,541         |
|  |         | <b>34,932,749</b> | 30,367,749        |
| Less: Provision against doubtful loans   | 13.01.2 | <b>286,000</b>    | 234,000           |
|  |         | <b>34,646,749</b> | <b>30,133,749</b> |

**13.01.1** 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 15% to 20% (2016: 13.12% to 21%) per annum.

### **13.01.2** Provision against doubtful loans

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Balance at the beginning of the year | <b>234,000</b> | 768,939        |
| Charged during the year              | <b>52,000</b>  | -              |
| Reversed during the year             | -              | (534,939)      |
| Balance at the end of the year       | <b>286,000</b> | <b>234,000</b> |

### **13.02** Short term advances

|                                  |                   |            |
|----------------------------------|-------------------|------------|
| Considered good                  |                   |            |
| Advances to employees and others | <b>35,504,329</b> | 28,533,221 |

|   | Note  | 2017<br>Rupees     | 2016<br>Rupees     |
|---|---|--------------------|--------------------|
| <b>14</b>                                       |   |                    |                    |
| <b>SHORT TERM INVESTMENTS</b>                   |   |                    |                    |
| <b>Held to maturity:</b>                        |   |                    |                    |
| Term deposit receipts (TDR)                     | 14.01   | -                  | 7,000,000          |
| Considered doubtful:                            |   |                    |                    |
| Investment with First Fidelity Leasing Modaraba | 14.02   | 1,000,000          | 1,000,000          |
| Repurchase agreement lendings (Reverse Repo)    | 14.03   | 7,022,877          | 7,022,877          |
|   |   | <u>8,022,877</u>   | <u>15,022,877</u>  |
| Less: Provision against doubtful lending        |   | <u>8,022,877</u>   | <u>8,022,877</u>   |
|   |   | <u>-</u>           | <u>7,000,000</u>   |
| <b>14.01</b>                                    | This amount was placed with different financial institutions/banks @ 4.19% and 4.35% p.a.   |                    |                    |
| <b>14.02</b>                                    | This investment was made during 2011-2012 against the loan of ENPLAN with nil mark up which was due to be settled before or on 31 March 2013. Subsequently, it was settled against the Certificate of Investments of Mr. Abdul Rasheed and the remaining balance of Rs. 1 million is still receivable as on balance sheet date. |                    |                    |
| <b>14.03</b>                                    | These were secured against quoted securities. These carry mark-up at the rate of 22% p.a (2016: 22% p.a.). Quoted securities placed as collateral were disposed off during the year 2011. Remaining balance has been fully provided.  |                    |                    |
| <b>15</b>                                       |   |                    |                    |
| <b>MARK-UP ACCRUED</b>                          |   |                    |                    |
| Mark-up accrued on:                             |   |                    |                    |
| Term finance certificates and Sukuks            | 15.01   | 2,458,304          | 962,649            |
| Short term and long term loans                  | 15.02   | 21,277,729         | 20,600,547         |
| Finance lease receivables                       | 15.03   | 168,983,963        | 169,036,028        |
| Short term investment                           | 15.04   | -                  | -                  |
|   |   | <u>192,719,996</u> | <u>190,599,224</u> |
| <b>15.01</b>                                    | <b>Mark-up accrued on bonds and term finance certificates</b>   |                    |                    |
| Considered good                                 |   | 962,652            | 962,652            |
| Considered doubtful                             |   | 22,773,381         | 56,678,624         |
|   |   | <u>23,736,033</u>  | <u>57,641,276</u>  |
| Less: Suspension against doubtful receivables   | 15.01.1   | 21,277,729         | 56,678,627         |
|   |   | <u>2,458,304</u>   | <u>962,649</u>     |
| <b>15.01.1</b>                                  | <b>Suspension against doubtful receivables</b>  |                    |                    |
| Opening balance                                 |   | 56,678,627         | 55,314,981         |
| Suspended during the year                       |   | (35,400,898)       | 1,363,646          |
| Closing balance                                 |   | <u>21,277,729</u>  | <u>56,678,627</u>  |
| <b>15.02</b>                                    | <b>Mark-up accrued on short term and long term loans</b>  |                    |                    |
| Considered good                                 |   | 37,966,720         | 19,271,238         |
| Considered doubtful                             |   | 108,902,283        | 104,834,338        |
|   |   | <u>146,869,003</u> | <u>124,105,576</u> |
| Less: Suspension against doubtful loans         | 15.02.1   | 125,591,274        | 103,505,029        |
|   |   | <u>21,277,729</u>  | <u>20,600,547</u>  |
| <b>15.02.1</b>                                  | <b>Suspension against doubtful loans</b>  |                    |                    |
| Opening balance                                 |   | 103,505,029        | 104,564,543        |
| Suspended during the year                       |   | 22,086,245         | 304,529            |
| Reversal of suspension                          |   | -                  | (1,364,043)        |
| Closing balance                                 |   | <u>125,591,274</u> | <u>103,505,029</u> |
| <b>15.03</b>                                    | <b>Mark-up accrued on investment in lease-considered good</b>   |                    |                    |
|   |   | <u>168,983,963</u> | <u>169,036,028</u> |

This includes additional mark up on lease rentals amounting to Rs. 168.984 million (2016: Rs. 169.036 million) in respect of overdue rentals receivable from performing lease portfolio in accordance with the terms of lease agreement.

|  | Note   | 2017<br>Rupees     | 2016<br>Rupees      |
|--|--|--------------------|---------------------|
| <b>15.04 Mark-up accrued on short term investments</b>                         |  |                    |                     |
| Considered doubtful  |  | 10,700,625         | 9,795,537           |
| Less: Suspension against doubtful investments                                  | 15.04.1  | <u>10,700,625</u>  | <u>9,795,537</u>    |
|  |  | <u>-</u>           | <u>-</u>            |
| <b>15.04.1 Suspension against doubtful investments</b>                         |  |                    |                     |
| Opening balance  |  | 9,795,537          | 8,241,270           |
| Suspended during the year  |  | <u>905,088</u>     | <u>1,554,267</u>    |
| Closing balance  |  | <u>10,700,625</u>  | <u>9,795,537</u>    |
| <b>16 OTHER RECEIVABLES</b>  |  |                    |                     |
| Receivable from organization - considered doubtful                             |  | 11,614,432         | 12,614,432          |
| Miscellaneous receivables from lessees:  |  |                    |                     |
| - Considered doubtful  | 16.01  | 386,108,526        | 387,824,090         |
| Other receivables:   |  |                    |                     |
| - Considered good  | 16.02  | 269,757,947        | 179,726,303         |
| - Considered doubtful  | 16.03  | 4,625,524          | 4,724,364           |
|  |  | <u>274,383,471</u> | <u>184,450,667</u>  |
|  |  | <u>672,106,429</u> | <u>584,889,189</u>  |
| Less: Provision for doubtful receivables                                       | 16.04  | <u>360,839,298</u> | <u>361,377,367</u>  |
|  |  | <u>311,267,131</u> | <u>223,511,822</u>  |
| <b>16.01</b>   | This represents insurance and other miscellaneous charges receivable from lessees, in respect of vehicles insured by the bank against assets leased to them.   |                    |                     |
| <b>16.02</b>   | This includes receivable from Logic Management Services (Private) Limited formerly (TCPL) amounting to Rs. 36.6 million (2016: Rs. 49.71 million). It also includes Rs. 6.96 million (2016: Rs. 6.96 million) receivable from Tricon Developers Limited. The receivable from subsidiary is overdue for more than one year. |                    |                     |
| <b>16.03</b>   | This includes receivable from Trust Management (Private) Limited amounting to Rs. 3.92 million (2016: Rs. 3.92 million).   |                    |                     |
| <b>16.04 Movement of provisions for doubtful receivable</b>                    |  |                    |                     |
| Opening balance  |  | 361,377,367        | 373,209,194         |
| Reversed during the year   |  | <u>(538,069)</u>   | <u>(11,831,827)</u> |
| Closing balance as at 30 June  |  | <u>360,839,298</u> | <u>361,377,367</u>  |
| <b>17 CASH AND BANK BALANCES</b>   |  |                    |                     |
| Cash in hand   |  | 374,207            | 459,174             |
| Cash with banks in:  |  |                    |                     |
| - Current accounts   |  | 244,194            | 248,964             |
| - Deposit accounts   | 17.01  | 4,165,770          | 14,240,227          |
|  |  | <u>4,409,964</u>   | <u>14,489,191</u>   |
|  |  | <u>4,784,171</u>   | <u>14,948,365</u>   |
| <b>17.01</b>   | Deposit accounts carry mark-up rate ranging from 4% to 10% per annum (2016: 4% to 10%).  |                    |                     |
| <b>18 ASSETS CLASSIFIED AS HELD FOR SALE</b>                                   |  |                    |                     |
| Land - Mohlanwal Lahore  |  | -                  | 150,000,000         |
| Ali Trade centre   |  | -                  | 9,000,000           |
| Land - Lahore Cantt  |  | 280,000,000        | -                   |
|  |  | <u>280,000,000</u> | <u>159,000,000</u>  |
| <b>Liabilities directly associated with assets classified as held for sale</b> |  | <u>472,098,308</u> | <u>353,867,007</u>  |

The Board of Directors of the Company in their meeting held on 30 June 2017 approved the settlement of liabilities against the assets classified as held for sale. The Company intends to dispose of this asset which will not be utilised in next 12 months. This asset includes a piece of land which amounting to Rs. 280 million were previously used in operations. Furthermore, the Company is currently in negotiation with some potential buyers. Moreover, no impairment loss was recognised on reclassification of these assets as held for sale as at 30 June 2017 as the management of the Company expect that fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount. During the year, a piece of land and shops amounting to Rs. 159 million have been reclassified from held for sale to property plant and equipment because these assets do not meet the criteria of IFRS 5 any more.

|   | Note  | 2017<br>Rupees         | 2016<br>Rupees         |
|---|-------|------------------------|------------------------|
| <b>19 SHARE CAPITAL</b>   |       |                        |                        |
| <b>19.01 AUTHORIZED SHARE CAPITAL</b>   |       |                        |                        |
| 150,000,000 (2016: 150,000,000) ordinary shares of Rs. 10/- each  |       | 1,500,000,000          | 1,500,000,000          |
| 70,000,000 (2016: Nil) preference shares of Rs. 10/- each   |       | 700,000,000            | -                      |
|   |       | <u>2,200,000,000</u>   | <u>1,500,000,000</u>   |
| <b>19.02 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>   |       |                        |                        |
| 20,142,984 (2016: 20,142,984) ordinary shares of Rs. 10/- each fully paid in cash   | 19.03 | 201,429,840            | 201,429,840            |
| 30,650,000 ordinary shares (2016: 30,650,000) of Rs. 10/- each issued against preference shares   |       | 306,500,000            | 306,500,000            |
| 38,409,889 (2016: 38,409,889) ordinary shares of Rs. 10/- each issued as bonus shares   |       | 384,098,889            | 384,098,889            |
| 30,682,239 ordinary shares of Rs. 10/- each issued against other than right   |       | 306,822,390            | -                      |
| 18,513,102 ordinary shares of Rs. 10/- each issued against dividend payable on preference shares  |       | 185,131,020            | -                      |
|   |       | <u>1,383,982,139</u>   | <u>892,028,729</u>     |
| <b>19.03</b> Mr. Zahid Rafiq and Genesis Securities (Private) Limited, related parties of the company held 5,702,405 (4.7566%) [2016: 5,702,405 (6.3926%)] and 12,209,742 (10.1845%) [2016: 12,209,742 (13.6876%)] ordinary shares of Rs. 10 each respectively, as at 30 June 2017. |       |                        |                        |
| <b>20 RESERVES</b>  |       |                        |                        |
| <b>Capital reserves</b>   |       |                        |                        |
| Statutory reserve   | 20.01 | 259,437,746            | 248,055,489            |
| Fair value loss on available for sale financial assets  |       | -                      | (8,710,969)            |
|   |       | <u>259,437,746</u>     | <u>239,344,520</u>     |
| <b>Revenue reserves</b>   |       |                        |                        |
| General reserves  |       | 61,000,000             | 61,000,000             |
| Accumulated loss  |       | (2,790,408,632)        | (2,835,911,444)        |
|   |       | <u>(2,729,408,632)</u> | <u>(2,774,911,444)</u> |
|   |       | <u>(2,469,970,886)</u> | <u>(2,535,566,924)</u> |
| <b>20.01 Statutory Reserve</b>  |       |                        |                        |
| Opening balance as at 01 July   |       | 248,055,489            | 243,620,723            |
| Transfer from revenue reserves  |       | 11,382,257             | 4,434,766              |
| Closing balance as at 30 June   |       | <u>259,437,746</u>     | <u>248,055,489</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.

|  | Note  | 2017<br>Rupees       | 2016<br>Rupees       |
|--|---|----------------------|----------------------|
| <b>21 LONG TERM FINANCING - SUBORDINATED LOAN</b>            |   |                      |                      |
| Long term financing - subordinated loan                      | 21.01   | <u>129,238,592</u>   | <u>398,515,980</u>   |
| <b>21.01 Long term financing-Subordinated loan</b>           |   |                      |                      |
| Opening balance  |   | 398,515,980          | 2,788,220,472        |
| Obtained during the year                                     |   | 47,310,000           | 202,500,000          |
| Paid / adjusted during the year                              |   | (316,587,388)        | (16,656,803)         |
| Re-classification during the year                            |   | -                    | (2,575,547,689)      |
| Closing balance  | 21.02   | <u>129,238,592</u>   | <u>398,515,980</u>   |
| <b>21.02 Particulars of subordinated loan</b>                |   |                      |                      |
| Loan from directors:   |   |                      |                      |
| - Mr. Asif Kamal   | 21.02.1   | 99,810,000           | 302,500,000          |
| - Mr. Mamoon ur Rasheed                                      | 21.02.2   | -                    | 66,587,388           |
| - Mr. Asad Kazmi   | 21.02.3   | 29,428,590           | 29,428,573           |
|  |   | <u>129,238,590</u>   | <u>398,515,961</u>   |
| <b>21.02.1</b>   | During the year, equity has been injected in Trust Investment Bank Limited (TIBL) as subordinated loan in accordance with Rule 2(viii) clause (ii) sub clause (f) of SRO 1002(1)/2015 and TIBL issued share capital against this subordinated loan from a director.   |                      |                      |
| <b>21.02.2</b>   | During the year, TIBL issued share capital against subordinated loan from a director. Further, some liabilities have been adjusted against receiveable from a director.   |                      |                      |
| <b>21.02.3</b>   | This represents subordinated loan acquired against land from Mr. Khizer Hayat for equity participation in favour of Mr. Asad Kazmi through equity participation agreement. As per the terms of the agreement TIBL will pay an amount of Rs. 50 million as an initial payment and balance in the form of issuance / transfer of shares of Trust Investment Bank Limited at par, subject to approval of SECP. Title of this property has been transferred in the name of the company through court order. |                      |                      |
| <b>22 LOAN FROM RELATED PARTIES</b>                          |   |                      |                      |
| <b>Loan from directors:</b>                                  |   |                      |                      |
| - Mr. Asif Kamal   | 21.02.1   | 523,026,262          | 608,026,262          |
| - Mr. Asad Kazmi   | 21.02.3   | 1,967,521,427        | 1,967,521,427        |
|  |   | <u>2,490,547,689</u> | <u>2,575,547,689</u> |
| <b>22.01</b>   | These are interest free loans from directors of the company payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity as per TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan.        |                      |                      |
| <b>22.02</b>   | Corresponding figures have also been reclassified in equity for better presentation.  |                      |                      |
| <b>23 LONG TERM FINANCING - OTHERS</b>                       |   |                      |                      |
| Banking companies and other financial institutions-Secured   | 23.01   | 20,952,780           | 25,527,780           |
| Banking companies and other financial institutions-Unsecured | 23.02   | -                    | -                    |
| Term finance certificates (TFC)-Secured                      | 23.03   | -                    | -                    |
|  |   | <u>20,952,780</u>    | <u>25,527,780</u>    |

|   | Note     | 2017<br>Rupees     | 2016<br>Rupees     |
|---|----------|--------------------|--------------------|
| <b>23.01 Banking companies and other financial institutions</b> |          |                    |                    |
| <b>- Secured</b>  |          |                    |                    |
| The Bank of Punjab  | 23.01.1  | 296,077,333        | 296,077,333        |
| Allied Bank Limited   | 23.01.2  | 70,000,005         | 70,000,005         |
| Pak Oman Investment Company (Private) Limited                   | 23.01.3  | 5,161,297          | 5,161,297          |
| The Bank of Khyber  | 23.01.4  | 23,202,780         | 27,777,780         |
| Standard Chartered Bank Limited                                 | 23.01.5  | 49,329,674         | 49,329,674         |
| Summit Bank Limited (Formerly Atlas Bank Limited)               | 23.01.6  | 81,640,625         | 81,640,625         |
| First Women Bank Limited  | 23.01.7  | 64,027,397         | 64,027,397         |
| CDC Trustee Askari Income Fund                                  | 23.01.8  | -                  | -                  |
| IGI Investment Bank Limited                                     | 23.01.9  | 67,500,000         | 67,500,000         |
| The Punjab Provincial Co-operative Bank Limited                 | 23.01.10 | 88,058,721         | 88,058,721         |
|   |          | <u>744,997,832</u> | <u>749,572,832</u> |
| Less: Current portion shown under current liabilities           | 31       | <u>724,045,052</u> | <u>724,045,052</u> |
|   |          | <u>20,952,780</u>  | <u>25,527,780</u>  |

**23.01.1** This represents sale and lease back transaction with The Bank of Punjab of Rs. 133 million on 01 September 2003 which were restructured into two facilities of an aggregate amount of Rs. 301.08 million with effect from 08 October 2011. Facility of Rs. 279.75 million carried mark-up rate of 9.33% per annum. The loan was repayable in 12 quarterly instalments in three years commencing from 08 October 2011 to 30 September 2014. The other facility of Rs. 21.33 million was a non serviceable facility and was repayable in six quarterly instalments commencing from 30 June 2013 to 30 September 2014. These facilities are secured against exclusive charge on specific leased assets. The Bank of Punjab has filed a recovery suit against Trust Investment Bank Limited in March 2012, which was decreed on 04 November 2013 by Lahore High Court, Lahore (Judicial Department) for an amount of Rs. 315.47 million (The related principal amounting to Rs. 274.84 million along with mark-up amounting to Rs. 40.63 million) along with cost of fund. The company has filed an appeal before the Lahore High Court (Banking Jurisdiction) against the decision of Lahore High Court, Lahore (Judicial Department). The suit is presently under adjudication before Lahore High Court, Lahore. Therefore, all outstanding liabilities are taken into current liabilities.

**23.01.2** This represents investment in Certificate of Investment (COI) by Allied Bank Limited of Rs. 200 million on 30 July 2007. As on 04 May 2010, the agreement was restructured and out of remaining outstanding balance of Rs. 175.85 million, Rs. 5.85 million was paid in cash, Rs. 120 million and Rs. 50 million were converted into term loan facility and preference shares respectively. These facilities are secured against receivables amounting to Rs. 175.85 million. This loan facility carried mark up at the rate of 1 month KIBOR and was repayable in 36 equal monthly instalments commencing from 04 June 2010 and expiring on 29 May 2013. The bank has filed a recovery suit against Trust Investment Bank Limited in August 2015 for an amount of Rs. 88.59 million (The related principal amounting to Rs. 70 million along with mark-up amounting to Rs. 18.59 million) along with cost of fund. The suit is presently under adjudication before Sindh High Court, Karachi. Therefore, all outstanding liabilities are taken into current liabilities.

**23.01.3** This represents an amount borrowed of Rs. 100 million under inter bank transactions on October 2007. The agreement was finally restructured in term loan of Rs. 23 million on 15 December 2009. 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 commencing from 23 February 2009 till 04 December 2009 and 3 month KIBOR + 150 bps till the end of this facility and was repayable in 31 monthly instalments commencing from 04 December 2009 and expiring on 23 June 2012. The Institution has filed a recovery suit against Trust Investment Bank Limited on 17 January 2015 for an amount of Rs. 5.34 million (The related principal amounting to Rs. 5.16 million along with mark-up amounting to Rs. 0.18 million) along with cost of fund. The suit is presently under adjudication before The Banking Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.

**23.01.4** This represents facility of Rs. 150 million which Trust Investment bank Limited obtained in terms of Finance/Roll Over of Clean Placement Facility. The agreement was restructured for an amount of Rs. 137.5 million in 2010 secured against first charge on specified leased assets and related receivables. An amount of Rs. 75 million has been converted into preference shares in 2014 while the balance amount of Rs. 62.5 million has been converted into Term Finance facility which carries mark up @ 3 month KIBOR plus 300 BPS. This facility was repayable in thirty six equal monthly instalments starting from 01 January 2010 and expiring on 31 December 2012. During the year, an amount payable to Bank of Khyber has been rescheduled. According to this reschedule agreement, principal will be payable in 20 quarterly installments starting from 31 December 2016 to 30 September 2021 with the down payment of Rs. 3.075 million.

**23.01.5** 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 was repayable in twelve equal quarterly instalments starting from 31 May 2008 and expired on 28 February 2011. Standard Chartered Bank Limited has filed a recovery suit against Trust Investment Bank Limited in February 2014 in Lahore High Court, Lahore for an amount of Rs. 56.33 million (The related principal amounting to Rs. 49.33 million along with mark-up amounting to Rs. 7

million) along with cost of fund. The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.

- 23.01.6** This represents two facilities of Rs. 100 million each to meet increased requirement of funds for leasing operations which were rescheduled on 07 January 2010. These carry mark-up @ 3 month KIBOR + 185 BPS per annum with floor of 13.50%. These facilities are secured against first charge on specific/exclusive leased assets and related receivables with 25% margin. These facilities were repayable in sixteen equal quarterly instalments. Outstanding principal of Rs. 68.75 million of Term Finance I was repayable starting from 01 February 2010 and expired on 1 November 2013. While outstanding principal of Rs. 68.75 million of Term Finance II was repayable from 1 March 2010 and expiring on 1 December 2013. Summit Bank Limited (formerly known as Atlas Bank Limited) has filed a recovery suit against Trust Investment Bank Limited in October 2012 in Lahore High Court, Lahore for an amount of Rs. 95.93 million (The related principal amounting to Rs. 81.64 million along with mark-up amounting to Rs. 14.28 million) along with cost of fund. The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.
- 23.01.7** This represents facility which Trust Investment bank Limited obtained in terms of Treasury Deal to the tune of Rs. 100 million which was subsequently converted into Term Finance Facility. The bank negotiated with the Company for settlement in July 2015, as a result of which existing liability has been agreed at an amount of Rs. 64.03 million along with cost of funds. The company will pay an amount of Rs. 6.402 million, 10% of the total existing payable amount as upfront and balance amount of Rs. 57.625 will be paid in 36 equal monthly instalments commencing from 01 July 2015 to 30 June 2017 at mark-up @ 6 months KIBOR + 2.50% p.a. These are secured through collateral security in shape of mortgage of property in favour of the bank. However, during current financial period, the company has not repaid any amount to the bank. As at balance sheet date, the total outstanding balance amount is overdue, therefore, all outstanding liabilities are taken into current liabilities.
- 23.01.8** This represents facility which Trust Investment bank Limited obtained in terms of finance facility of Rs. 200 million on 30 May 2009. This represents facility of Rs. 194 million rescheduled on 23 January 2010. This facility is secured against exclusive charge and carries markup @ 1 month KIBOR per annum. This facility was repayable in immediate payment of Rs. 8 million and 23 monthly instalments commencing from 31 January 2010 and expired on 01 February 2013. As at balance sheet date, the total outstanding balance amount is overdue, therefore, all outstanding liabilities are taken into current liabilities.
- 23.01.9** This represents facility of Rs. 100 million which Trust Investment bank Limited obtained on 23 September 2008 in terms of Money Market Finance Facility. The agreement was restructured on 18 February 2010 for an amount of Rs. 80 million. This facility is secured against ranking charge on current assets equivalent to Rs. 115 million with 30% margin. The facility carried mark-up rate of one month KIBOR per annum. This facility was repayable in 59 monthly instalments commencing from April 2010 till February 2015. IGI Investment Bank Limited has filed a recovery suit against Trust Investment Bank Limited on 31 December 2012, which has been decreed on 12 December 2014 by Lahore High Court, Lahore (Judicial Department) for an amount of Rs. 73 million (The related principal amounting to Rs. 67.5 million along with mark-up amounting to Rs. 5.19 million) along with cost of fund. The company has filed an appeal before the Lahore High Court (Banking Jurisdiction) against the decision of Lahore High Court, Lahore (Judicial Department) on 26 February 2015. The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.
- 23.01.10** This represents facility of Rs. 284.30 million obtained on 16 September 2010 in term of sale and lease back transaction. This facility is secured against exclusive first charge against leased assets and related receivables. The facility carried mark-up rate of 1 month KIBOR + 200 BPS per annum. This facility is repayable in 29 instalments commencing from 16 September 2010 and expired on 15 February 2013. Loan amounting to Rs. 140 million has been swapped with term loan due from Vital enterprises. The Punjab Provincial Co-operative Bank Limited (PPCBL) has filed a recovery suit against Trust Investment Bank Limited on 08 August 2015 in Lahore High Court, Lahore for an amount of Rs. 106.07 million (The related principal amounting to Rs. 88.05 million along with mark-up amounting to Rs. 18.02 million). The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.

At the reporting date, principal amounting to Rs. 744.99 million was overdue including an amount of Rs. 657.76 million which is under litigation with different banks.

|   | Note    | 2017<br>Rupees    | 2016<br>Rupees    |
|---|---------|-------------------|-------------------|
| <b>23.02 Banking companies and other financial institutions</b> |         |                   |                   |
| <b>- Unsecured</b>  |         |                   |                   |
| Dawood Money Market Fund  | 23.02.1 | 7,842,873         | 7,842,873         |
| House Building Finance Corporation                              | 23.02.2 | 5,909,086         | 5,909,086         |
|   |         | <u>13,751,959</u> | <u>13,751,959</u> |
| Less: Current portion shown under current liabilities           | 31      | <u>13,751,959</u> | <u>13,751,959</u> |
|   |         | <u>-</u>          | <u>-</u>          |

**23.02.1** This represents facility of Rs. 37.8 million rescheduled. This facility is unsecured and carried mark-up @1 month KIBOR per annum. This facility was repayable in 24 monthly instalments starting from 25 January 2010 and expired on 07 January 2012. As at balance sheet date, the total outstanding balance amount is overdue, therefore, all outstanding liabilities are taken into current liabilities.

**23.02.2** This represents facility of Rs. 75 million which Trust Investment Bank obtained in September 2008. The outstanding amount of Rs. 35.5 million was rescheduled in February 2010. This facility carried mark-up @ 3 month KIBOR + 200 BPS per annum at the start of each month. This facility was repayable in 23 monthly instalments commencing from 15 March 2010 and expired on 15 January 2012. House Building Finance Company Limited has filed a recovery suit against Trust Investment Bank Limited on 04 March 2013 in Banking Court, Karachi for an amount of Rs. 6.59 million (The related principal amounting to Rs. 5.91 million along with mark-up amounting to Rs. 0.68 million) along with cost of fund which has been decreed on 12 October 2015 by Sindh High Court, Karachi. The company has filed an appeal before the Sindh High Court against the decision of Sindh High Court, Karachi on 04 November 2015. The suit is presently under adjudication before Sindh High Court, Karachi. Therefore all outstanding liabilities are taken into current liabilities.

**23.02.3** At the reporting date, total principal amount of Rs. 13.75 million was overdue.

**23.02.4** Direct confirmations from financial institutions aggregating to Rs. 7.84 million of loan balances and interest outstanding remained unconfirm.

|   | Note    | 2017<br>Rupees     | 2016<br>Rupees |
|---|---------|--------------------|----------------|
| <b>23.03 Term finance certificates (TFC)- Secured</b>     |         |                    |                |
| TFC III   | 23.03.1 | <b>171,449,518</b> | 199,563,268    |
| Less: Unamortized portion of the initial transaction cost |         | -                  | -              |
|   |         | <b>171,449,518</b> | 199,563,268    |
| Less: Current portion shown under current liabilities     | 31      | <b>171,449,518</b> | 199,563,268    |
|   |         | <b>-</b>           | -              |

**23.03.1** 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 amounting to Rs. 600 million out 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 instalments and the remaining principal in eight semi-annual instalments 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 terms of TFC's.

**23.03.2** At the reporting date, total principal amount of Rs. 171.44 million was overdue.

## 24 LONG TERM MORABAHA

|   |       |                   |            |
|---|-------|-------------------|------------|
| Long term morabaha                                    | 24.01 | <b>15,500,000</b> | 15,500,000 |
| Less: Current portion shown under current liabilities | 31    | <b>15,500,000</b> | 15,500,000 |
|   |       | <b>-</b>          | -          |

**24.01** This represents facility of Rs. 100 million in 24 March 2007. The outstanding amount of Rs. 20.5 million was converted into long term Bi Muajjal on 25 May 2011 and profit thereon amounting to Rs. 5,008,602/- be distributed over the period of its agreement. This facility was repayable in twenty one instalments starting from 25th May 2011 and expired on 25th February 2013.

At the reporting date, total principal amount of Rs. 15.50 million was overdue.

|  | Note  | 2017<br>Rupees     | 2016<br>Rupees     |
|--|---|--------------------|--------------------|
| <b>25</b>  |   |                    |                    |
| <b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>   |   |                    |                    |
| Present value of minimum lease payments  |   | <b>1,231,577</b>   | 1,766,575          |
| Less: Current portion  |   | <b>627,162</b>     | 535,000            |
|  |   | <b>604,415</b>     | <b>1,231,575</b>   |
| <b>25.01</b>   |   |                    |                    |
| These represent vehicles acquired under finance lease arrangements. The principal plus financial charges are payable over the lease period in 36 monthly instalments as per respective agreements ending in the month of April 2019. The liability as at balance sheet date represents the present value of total minimum lease payments discounted at 16% per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last instalment and surrender of deposit at the end of lease period and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below: |   |                    |                    |
| The amount of future payments and the years in which these will become due are:  |   |                    |                    |
| Not later than one year  |   | <b>779,544</b>     | 779,544            |
| Later than one year but not later than five years  |   | <b>649,920</b>     | 1,429,129          |
| Later than five years  |   | -                  | -                  |
|  |   | <b>1,429,464</b>   | 2,208,673          |
| Less: Financial charges allocated to future periods  |   | <b>197,887</b>     | 442,098            |
| Present value of minimum lease payments  |   | <b>1,231,577</b>   | 1,766,575          |
| Less: Current portion  |   | <b>627,162</b>     | 535,000            |
|  |   | <b>604,415</b>     | <b>1,231,575</b>   |
| <b>25.02</b>   |   |                    |                    |
| Present value of minimum lease payments  |   |                    |                    |
| Due not later than one year  |   | <b>627,162</b>     | 535,000            |
| Due later than one year but not later than five years  |   | <b>604,415</b>     | 1,231,575          |
| Later than five years  |   | -                  | -                  |
|  |   | <b>1,231,577</b>   | <b>1,766,575</b>   |
| <b>26</b>  |   |                    |                    |
| <b>LONG TERM CERTIFICATES OF INVESTMENT</b>  |   |                    |                    |
| <b>Corporate</b>   |   |                    |                    |
| - Secured  |   | <b>22,371,263</b>  | 22,371,263         |
| - Unsecured  |   | <b>230,245,994</b> | 229,462,389        |
|  | 26.01   | <b>252,617,257</b> | 251,833,652        |
| Less: Current portion shown under current liabilities  | 31  | <b>31,554,868</b>  | 24,771,263         |
|  |   | <b>221,062,389</b> | <b>227,062,389</b> |
| <b>26.01</b>   |   |                    |                    |
| 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 1 year to 5 years and carries profit ranging from 13% to 15% (2016: 13% to 15%) per annum.   |   |                    |                    |
| At the reporting date, principal amount of Rs. 182.87 million is overdue.  |   |                    |                    |
| <b>27</b>  |   |                    |                    |
| <b>DEFERRED LIABILITIES</b>  |   |                    |                    |
| Gratuity   | 27.01   | <b>7,012,782</b>   | 5,688,183          |
| Leave encashment   | 27.01   | <b>1,040,488</b>   | 1,087,517          |
|  |   | <b>8,053,270</b>   | <b>6,775,700</b>   |
| -  | Gratuity scheme is unfunded 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    | Rupees            |                    |                  |                  |
|--|---------|-------------------|--------------------|------------------|------------------|
|  |         | Gratuity          |                    | Leave Encashment |                  |
|  |         | 2017              | 2016               | 2017             | 2016             |
| <b>27.01 Amount recognized in the balance sheet</b>                            |         |                   |                    |                  |                  |
| Present value of defined benefit obligations                                   | 27.01.1 | 7,012,782         | 5,688,183          | 1,087,517        | 1,087,517        |
| Less: Fair value of plan assets  | 27.01.2 | -                 | -                  | -                | -                |
| Add: Benefits due but not paid   |         | -                 | -                  | -                | -                |
|  |         | <u>7,012,782</u>  | <u>5,688,183</u>   | <u>1,087,517</u> | <u>1,087,517</u> |
| <b>27.01.1 Movement in the defined benefit obligation:</b>                     |         |                   |                    |                  |                  |
| Present value of defined benefit obligation at beginning of the year           |         | 5,688,183         | 6,292,651          | 1,087,517        | 1,179,036        |
| Current service cost for the year  |         | 1,920,988         | 2,088,063          | -                | -                |
| Interest cost for the year   |         | 376,187           | 506,451            | -                | -                |
| Benefits paid / discharged during the year                                     |         | (998,791)         | (2,196,556)        | -                | (91,519)         |
| Experience adjustments   |         | 26,215            | (1,002,426)        | -                | -                |
|  |         | <u>7,012,782</u>  | <u>5,688,183</u>   | <u>1,087,517</u> | <u>1,087,517</u> |
| <b>27.01.2 Movement in the fair value of plan assets:</b>                      |         |                   |                    |                  |                  |
| Fair value of plan assets  |         | -                 | -                  | -                | -                |
| Total contributions made in the year   |         | -                 | -                  | -                | -                |
| Expected return on plan assets for the year                                    |         | -                 | -                  | -                | -                |
| Benefits paid / discharged during the year                                     |         | -                 | -                  | -                | -                |
| Return on plan assets, excluding interest income                               |         | -                 | -                  | -                | -                |
|  |         | <u>-</u>          | <u>-</u>           | <u>-</u>         | <u>-</u>         |
| <b>27.02 Movement of liability:</b>  |         |                   |                    |                  |                  |
| Balance sheet liability  |         | 7,884,739         | 6,292,651          | 1,179,036        | 1,179,036        |
| Expense chargeable to profit and loss  | 27.03   | 2,297,175         | 2,594,514          | -                | -                |
| Remeasurement gain on obligation   | 27.04   | 26,215            | (1,002,426)        | -                | -                |
| Contribution made during the year  |         | -                 | -                  | -                | -                |
| Payables written off during the year   |         | -                 | -                  | -                | -                |
|  |         | <u>10,208,129</u> | <u>7,884,739</u>   | <u>1,179,036</u> | <u>1,179,036</u> |
| <b>27.03 Staff service cost expense charged in the profit and loss account</b> |         |                   |                    |                  |                  |
| Current service cost   |         | 1,920,988         | 2,088,063          | -                | -                |
| Interest cost  |         | 376,187           | 506,451            | -                | -                |
|  |         | <u>2,297,175</u>  | <u>2,594,514</u>   | <u>-</u>         | <u>-</u>         |
| <b>27.04 Staff service cost expense charged in other comprehensive income</b>  |         |                   |                    |                  |                  |
| Remeasurement of plan obligation   |         |                   |                    |                  |                  |
| Experience adjustments   |         | 26,215            | (1,002,426)        | -                | -                |
|  |         | <u>26,215</u>     | <u>(1,002,426)</u> | <u>-</u>         | <u>-</u>         |
| Interest income on plan assets   |         | -                 | -                  | -                | -                |
|  |         | <u>26,215</u>     | <u>(1,002,426)</u> | <u>-</u>         | <u>-</u>         |

#### Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 6.15. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions.

|                             | Change in assumptions | Increase Rupees | Decrease Rupees |
|-----------------------------|-----------------------|-----------------|-----------------|
| Discount rate               | 1%                    | 6,568,561       | 7,547,098       |
| Increase in future salaries | 1%                    | 7,554,928       | 6,553,990       |

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

### Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

**Interest risk:** The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

**Longevity risk:** The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

**Salary risk:** The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

|   | Note  | 2017<br>Rupees           | 2016<br>Rupees    |
|---|---|--------------------------|-------------------|
| <b>28 LONG TERM DEPOSITS</b>                          |   |                          |                   |
| Margin against letters of guarantee                   |   | <b>164,106,118</b>       | 155,270,005       |
| Less: Current portion shown under current liabilities | 31  | <b>75,638,471</b>        | 151,685,952       |
|   |   | <b>88,467,647</b>        | 3,584,053         |
| Deposits against lease arrangements                   | 28.01   | <b>273,407,961</b>       | 273,407,961       |
| Less: Current portion shown under current liabilities | 31  | <b>273,407,961</b>       | 273,407,961       |
|   |   | -                        | -                 |
|   |   | <b>88,467,647</b>        | 3,584,053         |
| <b>28.01</b>  | These represent interest free security deposits (lease key money) received on lease contracts and are adjustable at the expiry of their respective lease periods.   |                          |                   |
| <b>29 SHORT TERM BORROWINGS</b>                       |   |                          |                   |
|   |   | <b>Limit Sanctioned</b>  |                   |
|   |   | <b>Rupees in million</b> |                   |
| Banking companies- secured                            |   |                          |                   |
| Habib Bank Limited                                    |   |                          |                   |
| - Running finance                                     | 40.00   | 29.01                    | <b>39,413,532</b> |
|   |   |                          | <b>39,413,532</b> |
| <b>29.01</b>  | This carry mark-up @ 3 month KIBOR + 300 BPS with a floor ranging from 4.5% to 10% per annum (2016: 3 months KIBOR + 300 BPS with a floor ranging from 4.5% to 10%) payable on quarterly basis respectively. It is secured against promissory notes, first charge on specific leased assets, related receivables. The above limit has been expired in 2013 and total amount is overdue to the bank. |                          |                   |
| <b>30 SHORT TERM CERTIFICATES OF INVESTMENT</b>       |   |                          |                   |
| - Financial institutions                              |   | <b>2,350,006</b>         | 10,350,006        |
| - Corporate   |   | <b>463,620,513</b>       | 545,578,933       |
| - Individuals   |   | -                        | 1,983,605         |
|   |   | <b>465,970,519</b>       | 557,912,544       |
| <b>30.01</b>  | These represent unsecured short term certificates of investment for a period of one month to one year. These carry mark-up rate ranging from 11.5% to 13.75% (2016: 11% to 16%) per annum.  |                          |                   |
| <b>30.02</b>  | The balance includes an amount of Rs. 425.99 million which is under litigation and is pending in different Courts of Law as explained in contingencies.   |                          |                   |

|  | Note  | 2017<br>Rupees       | 2016<br>Rupees               |
|--|---|----------------------|------------------------------|
| <b>31</b>  |   |                      |                              |
| <b>CURRENT MATURITIES OF NON CURRENT LIABILITIES</b>                   |   |                      |                              |
| Long term financing from banking companies and financial Institutions: |   |                      |                              |
| Long term financing- Secured   | 23.01   | 724,045,052          | 724,045,052                  |
| Long term financing- Unsecured   | 23.02   | 13,751,959           | 13,751,959                   |
| Term finance certificates - secured                                    | 23.03   | 171,449,518          | 199,563,268                  |
| Liabilities against assets subject to finance lease                    | 25  | 627,162              | 535,000                      |
| Long term morabaha   | 24  | 15,500,000           | 15,500,000                   |
| Certificates of investment   | 26  | 31,554,868           | 24,771,263                   |
| Long term deposits   | 28  | 349,046,432          | 425,093,913                  |
|  |   | <u>1,305,974,991</u> | <u>1,403,260,455</u>         |
| <b>32</b>  |   |                      |                              |
| <b>MARK-UP ACCRUED</b>   |   |                      |                              |
| Secured  |   |                      |                              |
| - Short and long term financing  |   | 67,490,905           | 79,283,618                   |
| - Term finance certificates  | 32.01   | 12,833,632           | 14,773,481                   |
| - Liabilities against assets subject to finance lease                  |   | -                    | -                            |
|  |   | <u>80,324,537</u>    | <u>94,057,099</u>            |
| Unsecured  |   |                      |                              |
| - Certificates of investment   | 32.02   | 87,945,536           | 82,325,111                   |
|  |   | <u>168,270,073</u>   | <u>176,382,210</u>           |
| <b>32.01</b>   | It includes Rs. Nil (2016: 1.99 million) payable to Logic Management Services (Private) Limited (formerly TCPL), a Subsidiary company.  |                      |                              |
| <b>32.02</b>   | At the reporting date, out of total amount mark up amounting to Rs. 67.93 million was overdue.  |                      |                              |
|  |   | 2017<br>Rupees       | 2016<br>Rupees<br>(Restated) |
| <b>33</b>  |   |                      |                              |
| <b>TRADE AND OTHER PAYABLES</b>  |   |                      |                              |
| Unclaimed dividend   |   | 3,092,624            | 3,092,624                    |
| Preference dividend payable  |   | -                    | 131,646,245                  |
| Accrued liabilities  |   | 18,109,608           | 15,797,147                   |
| Other liabilities  |   | 40,705,812           | 87,218,861                   |
|  |   | <u>61,908,044</u>    | <u>237,754,877</u>           |
| <b>34</b>  |   |                      |                              |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                   |   |                      |                              |
| <b>34.01</b>   | <b>Contingencies</b>  |                      |                              |
| <b>34.01.1</b>   | The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 566.93 million (2016: Rs. 585.34 million).   |                      |                              |
| <b>34.01.2</b>   | The Company has filed recovery suits amounting to Rs. 1,493.64 million (2016: Rs. 1,431.64 million). Prima facie the Bank has good arguable cases, the financial impact of the same has been accounted for in these financial statements. |                      |                              |

**34.01.3** Following litigations are pending against Trust Bank in different Court of Law:

|                                    |   | <b>Rupees in million</b> |
|------------------------------------|---|--------------------------|
| <b>Financial Institutions:</b>     |   |                          |
| (a)                                | The Bank of Punjab                                | 23.01.1<br>315.47        |
| (b)                                | Pak Oman Investment Company (Private) Limited     | 23.01.3<br>5.34          |
| (c)                                | Standard Chartered Bank Limited                   | 23.01.5<br>56.33         |
| (d)                                | Summit Bank Limited                               | 23.01.6<br>95.93         |
| (e)                                | IGI Investment Bank Limited                       | 23.01.9<br>73.00         |
| (f)                                | The Punjab Provincial Co-operative Bank Limited   | 23.01.10<br>106.07       |
| (g)                                | House Building Finance Company                    | 23.02.2<br>6.58          |
|                                    |   | 658.72                   |
| <b>Certificates of Investment:</b> |   |                          |
| (h)                                | Privatization Commission of Pakistan              | 396.55                   |
| (i)                                | Levi's Strauss Pakistan (Private) Limited         | 100.00                   |
| (j)                                | Shifa Co-operative Housing Society                | 10.00                    |
| (k)                                | Shifa International Hospital                      | 5.00                     |
| (l)                                | Lyari Development Authority                       | 168.78                   |
| (m)                                | National Transmission and Dispatch Company        | 118.79                   |
| (n)                                | Trading Corporation of Pakistan (Private) Limited | 95.10                    |
| (o)                                | Alfalah Insurance                                 | 3.20                     |
|                                    |   | <b>897.42</b>            |

- (h) Privatization Commission of Pakistan (PCP) filed a suit in the Honourable Islamabad High Court, Islamabad on 31 December 2013 for the recovery of Rs. 396.55 million (The related principal amounting to Rs. 334.78 million along with mark-up amounting to Rs. 61.76 million) along with cost of fund. Originally the PCP invested Rs. 500 million in short term Certificate of Deposit in May and June 2010. The Privatization Commission of Pakistan launched an FIR with the Federal Investigation Agency (FIA). Subsequently, Honourable Supreme Court took Suo Motu notice of the matter and directed the FIA and NAB to investigate the matter. During the year, the matter was settled with Privatization Commission of Pakistan under Voluntary Return (VR) for an amount of Rs. 404.81 million. At the reporting date, an amount of Rs. 364 million has been paid and for remaining amount of Rs. 40.81 million properties have been offered which is under the process of due diligence and the offered properties are in process of sale.
- (i) Levi's Strauss Pakistan (Private) Limited (Investor) filed a suit in the Civil Court, Lahore on 11 October 2012 for the recovery of Rs. 100 million invested in short term Certificate of Deposit in January 2010. The case has been adjudicated on the basis that the case fall under the jurisdiction of Banking Court instead of Civil Court. However, Levi's Strauss filed an appeal in Lahore High Court, Lahore. Since the case is pending in Honourable Lahore High Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.
- (j) Shifa Co- operative Housing Society (Investor) filed a suit in Civil Court, Islamabad on 16 May 2013 for the recovery of Rs. 10 million invested in short term Certificate of Deposit which has been decreed in favour of Shifa Co- operative Housing Society on 04 July 2014. However, company has filed an appeal in Islamabad High Court, Islamabad. Since the case is pending in Honourable Islamabad High Court, Islamabad, therefore, the ultimate outcome cannot be established at this stage.
- (k) Shifa International Hospital (Investor) filed a suit in Civil Court, Islamabad on 26 April 2012 for the recovery of Rs. 5 million invested in short term Certificate of Deposit which has been decreed in favour of Shifa International Hospital on 05 November 2014. However, company has filed an appeal in Islamabad High Court, Islamabad. Since the case is pending in Honourable Islamabad High Court, Islamabad, therefore, the ultimate outcome cannot be established at this stage.
- (l) Lyari Development Authority (LDA) (Investor) filed a suit in Sindh High Court, Karachi on 11 September 2013 for the recovery of Rs. 168.78 million (Rs. 150 million principal amount and Rs. 18.78 million mark-up amount) along with cost of fund, invested in short term Certificate of Deposit. According to settlement made on 07 February 2013, the management secured the outstanding claim amount against the property valuing Rs. 70 million located at 6th floor, M. M. Tower, 28- A/K, Gulberg II, Lahore, Rs 30 million through post dated cheques and the balance amount of Rs. 56 million in 12 equal monthly instalments. TIBL has sold the secured property to third party in 2015. Currently the case is pending in Honourable Sindh High Court, Karachi, therefore, the ultimate outcome cannot be established at this stage.
- (m) National Transmission and Dispatch Company Limited (Investor) filed a suit in Session Court, Lahore on 08 November 2013 for the recovery of Rs. 118.79 million (the related principal amounting to Rs. 100 million along with mark-up amounting to Rs. 18.79 million) along with cost of fund, invested in short term Certificate of Deposit at the rate of 20% interest. Since the case is pending in session Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.

- (n) Trading Corporation of Pakistan (Private) Limited (Investor) filed a suit in Sindh High Court, Karachi on 18 July 2011 for the recovery of Rs. 95.71 million invested in short term Certificate of Deposit. However, Since the case is pending in Lahore High Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.
- (o) Alfalah Insurance company Limited (Investor) filed a suit in Banking Court, Lahore on 18 March 2015 for the recovery of Rs. 3.27 million including profit and damages. The amount of Rs. 2 million was invested in short term Certificate of Deposit in June 2012. Since the case is pending in Banking Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.

In respect of liabilities towards banks / financial institutions and different investors disclosed above, banks / financial institutions and some investors have filed suits in different Honourable Courts of Lahore, Islamabad and Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The management is strongly contesting the cases. The management is hopeful that the decision will be in favour of the company and the suits shall be rejected by the concerned courts. Since all the cases are pending before Honourable Courts therefore, the ultimate outcome cannot be established at this stage. Since the banks/financial institutions/investors/other parties are in litigation with the company, therefore balance confirmations have not been received therefrom.

**34.01.4** The Company has not provided for mark-up of Rs. 456.51 million in preceding year and Rs. 80.50 million during the year on financing from banking companies and 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. According to legal advisor of the Company, the cost of fund after the filing of recovery suits by different parties till the settlement date is expected to be waived off.

**34.02 Commitments**

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

|   | <b>2017</b>              | <b>2016</b>       |
|---|--------------------------|-------------------|
|   | <b>Rupees</b>            | <b>Rupees</b>     |
| <b>35 INCOME FROM LEASE OPERATIONS</b>      |                          |                   |
| Finance lease income                        | <b>6,694,399</b>         | 39,500,306        |
| Commitment and other fees                   | -                        | 28,200            |
| Additional mark up on overdue lease rentals | -                        | 989,854           |
|   | <u><b>6,694,399</b></u>  | <u>40,518,360</u> |
| <b>36 INCOME FROM INVESTMENTS</b>           |                          |                   |
| Profit on short term investments            | <u><b>594,185</b></u>    | <u>258,561</u>    |
|   | <u><b>594,185</b></u>    | <u>258,561</u>    |
| <b>37 INCOME FROM TERM LOANS</b>            |                          |                   |
| Mark- up earned on long term loans:         |                          |                   |
| Employees                                   | -                        | -                 |
| Customers                                   | -                        | 5,278,402         |
|   | -                        | 5,278,402         |
| Mark- up earned on long term loans:         |                          |                   |
| Customers                                   | <u><b>24,116,845</b></u> | 13,097,428        |
|   | <u><b>24,116,845</b></u> | <u>18,375,830</u> |
| <b>38 FINANCE COST</b>                      |                          | <b>Restated</b>   |
| Mark-up on certificates of investment       | -                        | 674,806           |
| Mark up on finance lease liabilities        | <b>523,047</b>           | 24,099            |
| Bank charges and commission                 | <b>45,317</b>            | 1,963,396         |
|   | <u><b>568,364</b></u>    | <u>2,662,301</u>  |

|  | Note   | 2017<br>Rupees     | 2016<br>Rupees |
|--|--|--------------------|----------------|
| <b>39 ADMINISTRATIVE AND OPERATING EXPENSES</b>            |  |                    |                |
| Directors' remuneration                                    |  | <b>11,400,000</b>  | 11,700,000     |
| Salaries and other benefits                                | 39.01  | <b>23,848,055</b>  | 22,383,764     |
| Printing and stationery                                    |  | <b>1,213,561</b>   | 1,039,332      |
| Vehicle running and maintenance                            |  | <b>214,407</b>     | 325,098        |
| Postage, telephone and telex                               |  | <b>433,158</b>     | 487,249        |
| Travelling and conveyance                                  |  | <b>1,168,990</b>   | 1,402,157      |
| Boarding and lodging                                       |  | <b>609,136</b>     | 320,520        |
| Entertainment  |  | <b>956,793</b>     | 919,125        |
| Advertisement  |  | <b>215,750</b>     | 211,240        |
| Electricity, gas and water                                 |  | <b>1,765,357</b>   | 1,787,437      |
| Newspapers and periodicals                                 |  | <b>13,934</b>      | 13,413         |
| Auditors' remuneration                                     | 39.02  | <b>1,500,000</b>   | 1,500,000      |
| Fee and subscription                                       |  | <b>3,082,886</b>   | 1,532,343      |
| Rent, rates and taxes                                      |  | <b>8,983,110</b>   | 8,428,628      |
| Insurance  |  | <b>425,956</b>     | 447,720        |
| Office maintenance   |  | <b>2,039,390</b>   | 2,977,230      |
| Legal and professional charges                             |  | <b>9,468,093</b>   | 6,001,576      |
| Staff training   |  | -                  | 300,000        |
| Depreciation   | 7.01.1   | <b>3,295,665</b>   | 2,665,029      |
| Miscellaneous  |  | <b>6,915,777</b>   | 8,870,852      |
|  |  | <b>77,550,018</b>  | 73,312,713     |
| <b>39.01</b>   | It includes provision for gratuity amounting to Rs. 2.297 million (2016: Rs. 2.594 million). |                    |                |
| <b>39.02 Auditors' remuneration</b>                        |  |                    |                |
| Audit fee:   |  |                    |                |
| Annual   |  | <b>800,000</b>     | 800,000        |
| Half yearly review   |  | <b>350,000</b>     | 350,000        |
| Out of pocket expenses                                     |  | <b>350,000</b>     | 350,000        |
|  |  | <b>1,500,000</b>   | 1,500,000      |
| <b>40 OTHER INCOME</b>                                     |  |                    |                |
| Profit on bank deposits                                    |  | -                  | 286,099        |
| Profit on settlement                                       |  | <b>112,995,132</b> | 23,041,567     |
| Gain on disposal of property, plant and equipment          |  | <b>78,829</b>      | -              |
|  |  | <b>113,073,961</b> | 23,327,666     |
| <b>41 OTHER OPERATING EXPENSES</b>                         |  |                    |                |
| Lease receivables written off                              |  | <b>14,404,407</b>  | 6,396,619      |
| Loss on sale of investment available for sale              |  | <b>8,710,969</b>   | 8,642,579      |
| Loss on disposal of property, plant and equipment          |  | -                  | 2,185,051      |
|  |  | <b>23,115,376</b>  | 17,224,249     |
| <b>42 PROVISION (REVERSED) AGAINST LEASE AND TERM LOAN</b> |  |                    |                |
| Provision reversed for potential lease losses              |  | -                  | (2,701,347)    |
| Provision reversed for loans and advances                  |  | -                  | (4,802,258)    |
| Provision reversed for other receivables                   |  | <b>(538,069)</b>   | (11,831,827)   |
| Provision charged for short term loan                      |  | <b>52,000</b>      | -              |
|  |  | <b>(486,069)</b>   | (19,335,432)   |
| <b>43 IMPAIRMENT IN THE VALUE OF INVESTMENTS</b>           |  |                    |                |
| Charge of impairment of investment in subsidiary           |  | <b>(943,913)</b>   | (710,701)      |
| Provision charged for short term investments               |  | -                  | 1,000,000      |
|  |  | <b>(943,913)</b>   | 289,299        |

|   | Note   | 2017<br>Rupees       | 2016<br>Rupees       |
|---|--|----------------------|----------------------|
| <b>44 TAXATION</b>                            |  |                      |                      |
| Taxation                                      |  |                      |                      |
| - Current year                                | 44.01  | 1,582,980            | 591,528              |
| - Prior years                                 |  | -                    | (484,887)            |
| Deferred taxation                             |  |                      |                      |
| - Current year                                | 44.02  | -                    | -                    |
|   |  | <u>1,582,980</u>     | <u>106,641</u>       |
| <b>44.01</b>                                  | Income tax return has been filed to the income tax authorities up to and including tax year 2016 under the provisions of the Income Tax Ordinance, 2001.   |                      |                      |
|   | Numerical reconciliation between tax expenses and the accounting profit has not been presented as the provision for income taxation has been made under section 113 of the Income Tax Ordinance, 2001. |                      |                      |
| <b>44.02</b>                                  | <b>Deferred taxation</b>   |                      |                      |
|   | Deferred taxation comprises of the following:  |                      |                      |
|   | Deferred tax liability on taxable temporary differences  |                      |                      |
|   | in respect of the following:   |                      |                      |
|   |  |                      |                      |
| - Accelerated tax depreciation allowance      |  | <u>2,549,077</u>     | <u>2,775,944</u>     |
|   |  | <u>2,549,077</u>     | <u>2,775,944</u>     |
|   | Deferred tax asset on deductible temporary differences   |                      |                      |
|   | in respect of the following:   |                      |                      |
|   |  |                      |                      |
| - Provision for investment in lease finance   |  | <u>(106,861,148)</u> | <u>(112,505,243)</u> |
| - Provision for long term finances            |  | <u>(118,015,968)</u> | <u>(114,199,833)</u> |
| - Provision for long term investments         |  | <u>(14,847,425)</u>  | <u>(27,311,296)</u>  |
| - Provision for short term finances           |  | <u>(85,800)</u>      | <u>(72,540)</u>      |
| - Provision for doubtful receivables          |  | <u>(108,251,789)</u> | <u>(112,026,984)</u> |
| - Provision for staff retirement benefits     |  | <u>(2,103,835)</u>   | <u>(1,763,337)</u>   |
| - Provision for leave encashment              |  | <u>(322,551)</u>     | <u>(337,130)</u>     |
| - Minimum tax                                 |  | <u>(1,111,978)</u>   | <u>(1,780,658)</u>   |
| - Unabsorbed depreciation and business losses |  | <u>(517,881,738)</u> | <u>(535,836,260)</u> |
|   |  | <u>(869,482,232)</u> | <u>(905,833,282)</u> |
| Deferred tax liability/(asset)                |  | <u>(866,933,155)</u> | <u>(903,057,338)</u> |
| Deferred tax asset not recognised             |  | <u>866,933,155</u>   | <u>903,057,338</u>   |
|   |  | <u>-</u>             | <u>-</u>             |

Deferred tax asset amounting to Rs. 866.93 million (2016: Rs. 903.05 million) is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

#### 45 EARNINGS PER SHARE

##### 45.01 Earnings per share - basic

|  |                |                   |                   |
|--|----------------|-------------------|-------------------|
| Net profit for the year                    | <i>Rupees</i>  | <u>56,911,284</u> | <u>20,279,723</u> |
| Weighted average number of ordinary shares | <i>Numbers</i> | <u>94,582,772</u> | <u>89,202,873</u> |
| Earnings per share - basic                 | <i>Rupees</i>  | <u>0.60</u>       | <u>0.23</u>       |

##### 45.02 Earnings per share - diluted

|  |                |                   |                   |
|--|----------------|-------------------|-------------------|
| Net profit for the year                    | <i>Rupees</i>  | <u>56,911,284</u> | <u>20,279,723</u> |
| Weighted average number of ordinary shares | <i>Numbers</i> | <u>94,582,772</u> | <u>89,202,873</u> |
| Earnings per share - diluted               | <i>Rupees</i>  | <u>0.60</u>       | <u>0.23</u>       |

**46 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE AND DIRECTORS**

|                          | Chief Executive   |            | Directors        |           | Executives       |           |
|--------------------------|-------------------|------------|------------------|-----------|------------------|-----------|
|                          | 2017              | 2016       | 2017             | 2016      | 2017             | 2016      |
|                          | -----Rupees-----  |            |                  |           |                  |           |
| Managerial remuneration  | 6,456,000         | 6,192,000  | 1,210,500        | 774,000   | 3,718,290        | 2,762,334 |
| Housing and utilities    | 3,144,000         | 3,408,000  | 589,500          | 426,000   | 1,801,020        | 1,520,354 |
| Bonus                    | 800,000           | 800,000    | -                | -         | -                | -         |
| Medical                  | 100,000           | 100,000    | -                | -         | -                | 115,616   |
| Others                   | -                 | -          | -                | -         | -                | -         |
|                          | <b>10,500,000</b> | 10,500,000 | <b>1,800,000</b> | 1,200,000 | <b>5,519,310</b> | 4,398,304 |
| <b>Number of persons</b> | <b>1</b>          | <b>1</b>   | <b>6</b>         | <b>6</b>  | <b>4</b>         | <b>3</b>  |

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

**46.02** Fee was paid to directors for attending the board meetings amounting to Rs. 865,000/- (2016: Rs. 865,000/-).

**47. MATURITIES OF ASSETS AND LIABILITIES**

|  | Rupees               |                      |                        |                 |
|--|----------------------|----------------------|------------------------|-----------------|
|  | 2017                 |                      |                        |                 |
|  | Total                | Upto one year        | Over one to five years | Over five years |
| <b>Financial assets:</b>               |                      |                      |                        |                 |
| Finance lease receivables              | 939,129,703          | 939,129,703          | -                      | -               |
| Long term loans and advances           | 426,863,870          | 426,863,870          | -                      | -               |
| Long term investments                  | 50,837,644           | 38,873,750           | 11,963,894             | -               |
| Short term loans and advances          | 70,151,078           | 70,151,078           | -                      | -               |
| Short term investments                 | -                    | -                    | -                      | -               |
| Markup accrued                         | 192,719,996          | 192,719,996          | -                      | -               |
| Other receivables                      | 311,267,131          | 311,267,131          | -                      | -               |
| Bank balances                          | 4,784,171            | 4,784,171            | -                      | -               |
|  | <b>1,995,753,593</b> | <b>1,983,789,699</b> | <b>11,963,894</b>      | <b>-</b>        |
| <b>Financial liabilities:</b>          |                      |                      |                        |                 |
| Long term certificates of investments  | 252,617,257          | 31,554,868           | 221,062,389            | -               |
| Long term financing                    | 930,199,309          | 909,246,529          | 20,952,780             | -               |
| Long term morabaha                     | 15,500,000           | 15,500,000           | -                      | -               |
| Long term deposits                     | 437,514,079          | 349,046,432          | 88,467,647             | -               |
| Short term certificates of investments | 465,970,519          | 465,970,519          | -                      | -               |
| Short term borrowings                  | 39,413,532           | 39,413,532           | -                      | -               |
| Mark-up accrued                        | 168,270,073          | 168,270,073          | -                      | -               |
| Trade and other payables               | 58,815,420           | 58,815,420           | -                      | -               |
|  | <b>2,368,300,189</b> | <b>2,037,817,373</b> | <b>330,482,816</b>     | <b>-</b>        |
| <b>Net Balance</b>                     | <b>(372,546,596)</b> | <b>(54,027,674)</b>  | <b>(318,518,922)</b>   | <b>-</b>        |
| <b>Shareholders' equity</b>            | <b>1,533,797,534</b> |                      |                        |                 |

Rupees

|  | 2016                        |                      |                        |                 |
|--|-----------------------------|----------------------|------------------------|-----------------|
|  | Total                       | Upto one year        | Over one to five years | Over five years |
| <b>Financial assets:</b>               |                             |                      |                        |                 |
| Finance lease receivables              | 977,722,757                 | 977,722,757          | -                      | -               |
| Long term loans and advances           | 429,027,303                 | 428,059,264          | 968,039                | -               |
| Long term investments                  | 52,727,022                  | 38,873,750           | 13,853,272             | -               |
| Short term loans and advances          | 58,666,970                  | 58,666,970           | -                      | -               |
| Short term investments                 | 7,000,000                   | 7,000,000            | -                      | -               |
| Markup accrued                         | 190,599,224                 | 190,599,224          | -                      | -               |
| Other receivables                      | 223,511,822                 | 223,511,822          | -                      | -               |
| Bank balances                          | 14,948,365                  | 14,948,365           | -                      | -               |
|  | <u>1,954,203,463</u>        | <u>1,939,382,152</u> | <u>14,821,311</u>      | <u>-</u>        |
| <b>Financial liabilities:</b>          |                             |                      |                        |                 |
| Long term certificates of investments  | 251,833,652                 | 24,771,263           | 227,062,389            | -               |
| Long term financing                    | 962,888,059                 | 937,360,279          | 25,527,780             | -               |
| Long term morabaha                     | 15,500,000                  | 15,500,000           | -                      | -               |
| Long term deposits                     | 428,677,966                 | 425,093,913          | 3,584,053              | -               |
| Short term certificates of investments | 557,912,544                 | 557,912,544          | -                      | -               |
| Short term borrowings                  | 39,413,532                  | 39,413,532           | -                      | -               |
| Mark-up accrued                        | 176,382,210                 | 176,382,210          | -                      | -               |
| Trade and other payables               | 103,016,008                 | 103,016,008          | -                      | -               |
|  | <u>2,535,623,971</u>        | <u>2,279,449,749</u> | <u>256,174,222</u>     | <u>-</u>        |
| <b>Net Balance</b>                     | <u>(581,420,508)</u>        | <u>(340,067,597)</u> | <u>(241,352,911)</u>   | <u>-</u>        |
| <b>Shareholders' equity</b>            | <u><b>1,330,525,474</b></u> |                      |                        |                 |

## 47.01 FINANCIAL RISK MANAGEMENT

### 47.01.1 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 principals for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

#### (a) Market risk

##### (i) Currency risk

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

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

##### (ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all

similar financial instrument traded in the market. The bank is exposed to equity price risk as bank hold available for sale and held for trading investments.

|                               |      | <b>Changes<br/>in PSX<br/>all Index</b> | <b>Effects on<br/>Profit<br/>Before Tax<br/>(Rupees)</b> | <b>Effects<br/>on<br/>Equity</b> |
|-------------------------------|------|---|--|----------------------------------|
| Available for sale investment | 2017 | +10%                                    | -  | -                                |
|                               |      | -10%                                    | -  | -                                |
|                               | 2016 | +10%                                    | -  | 283,329                          |
|                               |      | -10%                                    | -  | (283,329)                        |

**(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:

| <b>Floating rate instruments:<br/>Financial assets</b> | <b>2017<br/>Rupees</b> | <b>2016<br/>Rupees</b> |
|--|------------------------|------------------------|
| Bank balances - deposit accounts                       | 4,165,770              | 14,240,227             |
| Short term investments                                 | -                      | 7,000,000              |
| Short term loans and advances                          | 70,151,078             | 58,666,970             |
| Long term investments                                  | 50,837,644             | 52,727,022             |
| Lease rental receivables                               | 939,129,703            | 977,722,757            |
| Long term loans and advances                           | 426,863,870            | 429,027,303            |
|  | <b>1,491,148,065</b>   | <b>1,539,384,279</b>   |

**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 accounts. 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:

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Lease rental receivables          | 939,129,703          | 977,722,757          |
| Long term loans and advances      | 426,863,870          | 429,027,303          |
| Long term investments             | 50,837,644           | 52,727,022           |
| Short term loans and advances-net | 70,151,078           | 58,666,970           |
| Short term investments            | -                    | 7,000,000            |
| Mark-up accrued                   | 192,719,996          | 190,599,224          |
| Other receivables                 | 311,267,131          | 223,511,822          |
| Bank balances                     | 4,784,171            | 14,948,365           |
|                                   | <b>1,995,753,593</b> | <b>1,954,203,463</b> |

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:

|  | 2017<br>Rupees       | 2016<br>Rupees       |
|--|----------------------|----------------------|
| Chemical and fertilizer                      | 7,626,187            | 7,007,298            |
| Construction / Real Estate                   | 73,510,776           | 73,355,768           |
| Financial institutions / Insurance Companies | 177,668,105          | 177,982,272          |
| Health care                                  | 16,933,866           | 16,470,402           |
| Hotels                                       | 7,094,004            | 6,497,200            |
| Individuals / auto lease                     | 515,868,384          | 522,196,407          |
| Miscellaneous manufacturing                  | 158,222,785          | 158,429,305          |
| Miscellaneous services                       | 101,713,855          | 101,627,750          |
| Natural gas and LPG                          | 28,673,682           | 28,596,616           |
| Paper and board                              | 6,279,990            | 6,089,853            |
| Steel and engineering                        | 9,865,283            | 9,887,458            |
| Sugar and allied                             | 16,032,931           | 16,359,515           |
| Textile composite                            | 14,359,521           | 15,097,157           |
| Textile knitwear / apparel                   | 81,735,002           | 82,131,594           |
| Textile spinning                             | 10,048,403           | 10,431,259           |
| Transport and communication                  | 173,374,809          | 174,590,206          |
|  | <u>1,365,993,571</u> | <u>1,406,750,060</u> |

The age of overdue term loans and lease rental receivables and related provision is charged at the balance sheet date was:

**Overdue term loans and lease rental receivables**

|                         |                      |                      |
|-------------------------|----------------------|----------------------|
| Past due 0 - 180 days   | 24,905,181           | 25,532,633           |
| Past due 181 - 365 days | 19,115,603           | 19,557,565           |
| 1 - 2 years             | 920,999              | 1,170,418            |
| More than 2 years       | 1,712,188,364        | 1,753,581,118        |
|                         | <u>1,757,130,148</u> | <u>1,799,841,734</u> |

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

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| Past due 0 - 180 days   | -                  | -                  |
| Past due 181 - 365 days | 50,029             | 59,568             |
| 1 - 2 years             | 45,178             | 53,728             |
| More than 2 years       | 666,216,873        | 666,146,784        |
|                         | <u>666,312,080</u> | <u>666,260,080</u> |

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

|                          | 2017               |             |               |                    | Rupees       |
|--------------------------|--------------------|-------------|---------------|--------------------|--------------|
|                          | Gross exposure     | Collaterals |               |                    | Net exposure |
|                          |                    | Mortgage    | Hypothecation | Liquid-collaterals |              |
|                          | ----- Rupees ----- |             |               |                    |              |
| Long term finances       | 426,863,870        | 169,056,000 | 800,000       | 22,371,263         | 234,636,607  |
| Short term finances      | 34,932,749         | 27,806,024  | -             | 6,236,378          | 890,347      |
| Lease rental receivables | 1,295,333,529      | 258,317,460 | 135,748,759   | -                  | 901,267,310  |

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

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

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

|   | Rating    |        | 2017             | 2016              |
|---|-----------|--------|------------------|-------------------|
|   | Long term | Agency | (Rupees)         |                   |
| <b>Banks</b>                                |           |        |                  |                   |
| 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  | 544,527          | 11,206,689        |
| NIB Bank Limited                            | AA-       | PACRA  | 1,533,420        | 1,533,420         |
| Standard Chartered Bank                     | AAA       | PACRA  | 5,517            | 5,517             |
| State Bank of Pakistan                      |           |        | 826              | 826               |
| Al Baraka Bank (Formerly Burj Bank Limited) | A         | PACRA  | 2,052,781        | 10,169            |
| Bank Islami (Formerly KASB Bank Limited)    | A+        | PACRA  | 13,839           | 5,517             |
| Bank Al Habib Limited                       | AA+       | PACRA  | 4,865            | 11,206,689        |
| JS Bank Limited                             | AA-       | PACRA  | 821              | 1,529,068         |
| First Women Bank Limited                    |           |        | 10,000           | 4,352             |
|   |           |        | <u>4,409,964</u> | <u>25,745,615</u> |

|                                  | Rating    |        | 2017              | 2015              |
|----------------------------------|-----------|--------|-------------------|-------------------|
|                                  | Long term | Agency | (Rupees)          |                   |
| <b>Sukuks / Bonds</b>            |           |        |                   |                   |
| Eden Housing Limited-Sukuks      |           |        | <u>9,843,750</u>  | <u>9,843,750</u>  |
| <b>Term finance certificates</b> |           |        |                   |                   |
| Azgard Nine Limited              | A+        | JCR    | <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 manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. In spite the fact that the bank is in a positive working capital position at the year end, management believes the liquidity risk to below.

The table below analysis/represent 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.

| 30 June 2017                           |                   |           |                              |                   |            |               |
|--|-------------------|-----------|------------------------------|-------------------|------------|---------------|
| Interest/Mark-up bearing               |                   |           | Non interest/Mark-up bearing |                   |            |               |
| Maturity                               | Maturity          | Sub Total | Maturity                     | Maturity          | Sub Total  | Total         |
| within<br>One Year                     | after<br>One Year |           | within<br>One Year           | after<br>One Year |            |               |
| Rupees                                 |                   |           |                              |                   |            |               |
| <b>Financial Liabilities</b>           |                   |           |                              |                   |            |               |
| Long term certificates of investments  | 252,617,257       | -         | 252,617,257                  | -                 | -          | 252,617,257   |
| Long term financing                    | 930,199,309       | -         | 930,199,309                  | -                 | -          | 930,199,309   |
| Long term morabaha                     | 15,500,000        | -         | 15,500,000                   | -                 | -          | 15,500,000    |
| Long term deposits                     | -                 | -         | -                            | 349,046,432       | 88,467,647 | 437,514,079   |
| Short term certificates of investments | 465,970,519       | -         | 465,970,519                  | -                 | -          | 465,970,519   |
| Short term borrowings                  | 39,413,532        | -         | 39,413,532                   | -                 | -          | 39,413,532    |
| Mark-up accrued                        | 168,270,073       | -         | 168,270,073                  | -                 | -          | 168,270,073   |
| Trade and other payables               | -                 | -         | -                            | 58,815,420        | -          | 58,815,420    |
|  | 1,871,970,690     | -         | 1,871,970,690                | 407,861,852       | 88,467,647 | 496,329,499   |
|  |                   |           |                              |                   |            | 2,368,300,189 |

| 30 June 2016                           |                   |           |                              |                   |           |               |
|--|-------------------|-----------|------------------------------|-------------------|-----------|---------------|
| Interest/Mark-up bearing               |                   |           | Non interest/Mark-up bearing |                   |           |               |
| Maturity                               | Maturity          | Sub Total | Maturity                     | Maturity          | Sub Total | Total         |
| within<br>One Year                     | after<br>One Year |           | within<br>One Year           | after<br>One Year |           |               |
| Rupees                                 |                   |           |                              |                   |           |               |
| <b>Financial Liabilities</b>           |                   |           |                              |                   |           |               |
| Long term certificates of investments  | 251,833,652       | -         | 251,833,652                  | -                 | -         | 251,833,652   |
| Long term financing                    | 962,888,059       | -         | 962,888,059                  | -                 | -         | 962,888,059   |
| Long term morabaha                     | 15,500,000        | -         | 15,500,000                   | -                 | -         | 15,500,000    |
| Long term deposits                     | -                 | -         | -                            | 425,093,913       | 3,584,053 | 428,677,966   |
| Short term certificates of investments | 557,912,544       | -         | 557,912,544                  | -                 | -         | 557,912,544   |
| Short term borrowings                  | 39,413,532        | -         | 39,413,532                   | -                 | -         | 39,413,532    |
| Mark-up accrued                        | 176,382,210       | -         | 176,382,210                  | -                 | -         | 176,382,210   |
| Trade and other payables               | -                 | -         | -                            | 103,016,008       | -         | 103,016,008   |
|  | 2,003,929,997     | -         | 2,003,929,997                | 528,109,921       | 3,584,053 | 531,693,974   |
|  |                   |           |                              |                   |           | 2,535,623,971 |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June 2017. The rates of mark up have been disclosed in respective notes to the financial statements.

#### 47.02 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

##### 47.02.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



**47.04 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. 750 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, subordinated loans and redeemable preference shares.

|                        | 2017<br>Rupees | 2016<br>Rupees |
|------------------------|----------------|----------------|
| Debt                   | 3,476,892,107  | 3,595,115,855  |
| Cash and bank balances | 4,784,171      | 14,948,365     |
| Net debt               | 3,472,107,936  | 3,580,167,490  |
| Total equity           | 1,533,797,534  | 1,330,525,474  |
| Total capital employed | 5,005,905,470  | 4,910,692,964  |
| Gearing ratio (%)      | 69.36%         | 72.91%         |

**48 CASH AND CASH EQUIVALENTS**

|                            |              |              |
|----------------------------|--------------|--------------|
| Cash and bank balances     | 4,784,171    | 14,948,365   |
| Short term running finance | (39,413,532) | (39,413,532) |
|                            | (34,629,361) | (24,465,167) |

**49 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:

**Related parties balances:**

**Mr. Asif Kamal**

|                             |             |             |
|-----------------------------|-------------|-------------|
| Share capital as on 30 June | 71,065,510  | 71,065,510  |
| Subordinate Loan            | 99,810,000  | 302,500,000 |
| Loan from director          | 523,026,262 | 608,026,262 |

**Mamoon-ur- Rasheed**

|                  |   |            |
|------------------|---|------------|
| Subordinate Loan | - | 66,587,388 |
|------------------|---|------------|

**Asad Kazmi**

|                  |               |               |
|------------------|---------------|---------------|
| Subordinate Loan | 29,428,590    | 29,428,573    |
| Long term loan   | 1,967,521,427 | 1,967,521,427 |

**Genesis Securities (Private) Limited**

|                             |             |             |
|-----------------------------|-------------|-------------|
| Share capital as on 30 June | 122,097,420 | 122,097,420 |
|-----------------------------|-------------|-------------|

**Associated undertakings:**

**Habib Rafiq (Private) Limited**

|                                  |             |             |
|----------------------------------|-------------|-------------|
| Letter of Guarantees outstanding | 214,042,809 | 316,484,490 |
|----------------------------------|-------------|-------------|

**Logic Management Services (Private) Limited**

|   |            |            |
|---|------------|------------|
| Outstanding loans and advances                            | 36,595,469 | 49,713,084 |
| Outstanding TFC's   | -          | 9,371,250  |
| Mark-up payable on TFC's (overdue for more than 365 days) | -          | 1,986,254  |

**Related parties transactions during the year:**

**Habib Rafiq (Private) Limited**

|  |             |            |
|--|-------------|------------|
| Letter of Guarantees expired/ issued during the year | 102,441,681 | 43,960,584 |
|--|-------------|------------|

**Mr. Ahsan Rafique**

|                  |   |           |
|------------------|---|-----------|
| Sale of vehicles | - | 1,000,000 |
|------------------|---|-----------|

**Associated undertakings:**

**Habib Rafiq (Private) Limited**

|                                |           |           |
|--------------------------------|-----------|-----------|
| Income charged during the year | 2,568,586 | 3,021,709 |
|--------------------------------|-----------|-----------|

**Logic Management Services (Private) Limited**

|   |              |            |
|---|--------------|------------|
| Loan (recovered) / paid during the year | (13,117,615) | 12,861,000 |
|---|--------------|------------|

**50 SEGMENT ANALYSIS**

Activities of the companies 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.

|   | Rupees               |                       |                   |
|---|----------------------|-----------------------|-------------------|
|   | 2017                 |                       |                   |
|   | Financing activities | Investment activities | Total             |
| Income from lease operations                    | 6,694,399            | -                     | 6,694,399         |
| Income from investments                         | -                    | 594,185               | 594,185           |
| Income from term loans                          | 24,116,845           | -                     | 24,116,845        |
| Commission income                               | 13,818,650           | -                     | 13,818,650        |
| <b>Total income for reportable segments</b>     | <b>44,629,894</b>    | <b>594,185</b>        | <b>45,224,079</b> |
| Finance cost                                    | (523,047)            | (45,317)              | (568,364)         |
| Administrative and operating expenses           | (77,550,018)         | -                     | (77,550,018)      |
| Other operating expenses                        | (23,115,376)         | -                     | (23,115,376)      |
| Provision reversed against lease and term loans | 486,069              | -                     | 486,069           |
| Impairment reversed in the value of investment  | -                    | 943,913               | 943,913           |
| Other income                                    | -                    | 113,073,961           | 113,073,961       |
| <b>Segment result</b>                           | <b>(56,072,478)</b>  | <b>114,566,742</b>    | <b>58,494,264</b> |
| <b>Profit before taxation</b>                   |                      |                       | <b>58,494,264</b> |

|                         | Rupees               |                       |                      |
|-------------------------|----------------------|-----------------------|----------------------|
|                         | 2017                 |                       |                      |
|                         | Financing activities | Investment activities | Total                |
| Segment assets          | 1,792,348,477        | 56,621,815            | 1,848,970,292        |
| Unallocated assets      |                      |                       | 2,537,603,210        |
|                         |                      |                       | <b>4,386,573,502</b> |
| Segment liabilities     | 1,106,645,485        | 1,053,653,440         | 2,160,298,925        |
| Unallocated liabilities |                      |                       | 692,477,043          |
|                         |                      |                       | <b>2,852,775,968</b> |

| Rupees  |                       |              |
|---|-----------------------|--------------|
| 2016  |                       |              |
| Financing activities                            | Investment activities | Total        |
| Income from lease operations                    | -                     | 40,518,360   |
| Income from investments                         | 258,561               | 258,561      |
| Income from term loans                          | -                     | 18,375,830   |
| Commission income                               | 12,059,077            | 12,059,077   |
| <b>Total income for reportable segments</b>     | 12,317,638            | 71,211,828   |
| Finance cost                                    | (1,963,396)           | (2,662,301)  |
| Administrative and operating expenses           | -                     | (73,312,713) |
| Other operating expenses                        | -                     | (17,224,249) |
| Provision reversed against lease and term loans | -                     | 19,335,432   |
| Impairment charged in the value of investment   | (289,299)             | (289,299)    |
| Other income                                    | 23,327,666            | 23,327,666   |
| <b>Segment result</b>                           | 33,392,609            | 20,386,364   |
| <b>Profit before taxation</b>                   |                       | 20,386,364   |

| Rupees                  |                       |               |
|-------------------------|-----------------------|---------------|
| 2016                    |                       |               |
| Financing activities    | Investment activities | Total         |
| Segment assets          | 75,675,387            | 1,903,816,342 |
| Unallocated assets      |                       | 2,459,481,254 |
|                         |                       | 4,363,297,596 |
| Segment liabilities     | 1,026,580,559         | 2,165,914,794 |
| Unallocated liabilities |                       | 866,857,328   |
|                         |                       | 3,032,772,122 |

## 51 EXPOSURE EXCEEDING 20% OF EQUITY

Below is the outstanding exposure exceeding 20% of equity:  
Ali Pervaiz and Associates Rs. 393,125,286/-

## 52 FUNDAMENTAL ERROR

### 52.01 Dividend on preference shares

During previous financial years, an amount of Rs. 73,626,969 related to dividend on preference shares was not recognised in profit and loss account in comparative and prior years. In current year, the Company has issued shares against dividend payable on preference shares. The effect of this error has been recognised retrospectively in accordance with the provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors".

|                               | 2016<br>Rupees | Prior Periods<br>Rupees |
|-------------------------------|----------------|-------------------------|
| Increase in current liability | 1,894,109      | 71,728,860              |
| Effect on equity              | -              | 71,728,860              |

**53 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 04 October 2017 by the Board of Directors of the Company.

**54 GENERAL**

|   | <b>No. of employees</b> |             |
|---|-------------------------|-------------|
|   | <b>2017</b>             | <b>2016</b> |
| <b>54.01</b> The number of employees are as follows:  |                         |             |
| Average number of employees during the year   | <u>33</u>               | <u>35</u>   |
| Number of employees at the end of the year.   | <u>33</u>               | <u>33</u>   |
| <b>54.02</b> Figures have been rounded off to the nearest of rupee.   |                         |             |
| <b>54.03</b> Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparison. |                         |             |



# Consolidated Financial Statements

**Trust Investment Bank Limited**

(For The Year Ended June 30, 2017)

## Auditors' Report To The Members

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of **TRUST INVESTMENT BANK LIMITED** (“the Holding Company”) and its Subsidiary Company [LOGIC MANAGEMENT SERVICES (PRIVATE) LIMITED (formerly: Trust Capital (Private) Limited)] (together referred to as "Group") as at 30 June 2017 and the related consolidated 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 separate qualified opinion on the financial statements of the **TRUST INVESTMENT BANK LIMITED**. The financial statements of the Subsidiary Company were audited by another firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors.

These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these 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 qualified opinion and, after due verification, we report that:-

- (a) as described in note 1.01.2 to the financial statements, overdue installments of financing from banking companies, financial institutions, term finance certificates (TFC) holders and depositors are amounting to Rs. 1,865.85 million (2016: Rs. 2,031.09 million). Moreover, as mentioned in note of contingencies to the financial statements, the company is defendant/petitioner in various law suits and the company has not charged markup/cost of fund amounting to Rs. 537.01 million (2016: Rs. 456.51 million) on various financings/investments due to pending litigations. Had the management recognized the said markup/cost of fund then equity and net assets would have been decreased by Rs. 537.01 million (2016: Rs. 456.51 million) and net profit for the year would have been decreased by Rs. 80.50 million (2016: Rs. 92.85 million). The financial statements, however, do not disclose this fact and any adjustment to that effect.

In our opinion, except for the effects of matters as discussed in paragraph '(a)' above, the Consolidated financial statements present fairly the financial position of TRUST INVESTMENT BANK LIMITED (“the Holding Company”) and its Subsidiary Company as at 30 June 2017 and the results of their operations for the year then ended.

Emphasis of Matter

Notwithstanding our qualified opinion, we draw attention to the following matters:

- i) as described in note 1.01.2 to the financial statements which indicates that as at balance sheet date, the Group has accumulated losses amounting to Rs. 2,790.41 million (2016: Rs. 2,835.91 million) and its current liabilities exceed its current assets by Rs. 673.65 million (2016: Rs. 1,011.17 million). The company is facing operational and financial crisis. These factors indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, due to the mitigating factors as described in the above mentioned note, these financial statements have been prepared on going concern basis. Our opinion is not modified in respect of this matter; and
- ii) as described in note 1.01.2 to the financial statements which inter alia states that equity of separate financial statements of Trust Investment Bank Limited (“the Holding Company”) is falling short by Rs. 1,706.75 million (2016: Rs. 1,933.53 million) to meet prescribed minimum equity as required under the Non-Banking Finance Companies and Notified Entities Regulation, 2008 for the Companies undertaking business of investment finance services. Our opinion is not modified in respect of this matter.

Lahore  
04 October 2017

  
Tariq Abdul Ghani Maqbool and Company  
Chartered Accountants  
**Shahid Mehmood**  
(Engagement Partner)

# CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

|  | Note | 2017<br>Rupees       | 2016<br>Rupees<br>(Restated) | 2015<br>Rupees<br>(Restated) |
|--|------|----------------------|------------------------------|------------------------------|
| <b>ASSETS</b>  |      |                      |                              |                              |
| <b>Non-current assets</b>                              |      |                      |                              |                              |
| Fixed assets   | 7    | 529,120,013          | 664,151,416                  | 942,462,733                  |
| Intangible assets                                      | 8    | 30,756,784           | 30,840,871                   | 30,934,301                   |
| Investment property                                    | 9    | 1,970,571,427        | 1,970,571,427                | 2,000,000,000                |
| Long term investments                                  | 10   | 1,455,310            | 4,288,601                    | 20,862,988                   |
| Long term loans and advances                           | 11   | -                    | 968,039                      | 16,761,658                   |
| Finance lease receivables                              | 12   | -                    | -                            | -                            |
| Long term deposits                                     |      | 14,684,139           | 8,684,139                    | 8,693,458                    |
|  |      | <b>2,546,587,673</b> | <b>2,679,504,493</b>         | <b>3,019,715,138</b>         |
| <b>Current assets</b>                                  |      |                      |                              |                              |
| Current maturities of non - current assets             | 13   | 1,011,480,764        | 1,051,269,212                | 1,059,226,136                |
| Short term loans and advances                          | 14   | 70,151,078           | 70,569,201                   | 58,299,581                   |
| Short term investments                                 | 15   | -                    | 7,000,000                    | 11,000,000                   |
| Short term prepayments                                 |      | 289,511              | 3,135,612                    | 2,972,914                    |
| Mark-up accrued  | 16   | 192,719,996          | 190,599,224                  | 190,948,268                  |
| Taxation - net   |      | 1,233,913            | 2,878,621                    | 1,096,139                    |
| Other receivables                                      | 17   | 287,105,542          | 173,798,738                  | 104,845,808                  |
| Cash and bank balances                                 | 18   | 6,591,640            | 17,615,357                   | 6,483,570                    |
|  |      | <b>1,569,572,444</b> | <b>1,516,865,965</b>         | <b>1,434,872,416</b>         |
| Assets classified as held for sale                     | 19   | 280,000,000          | 159,000,000                  | -                            |
|  |      | <b>4,396,160,117</b> | <b>4,355,370,458</b>         | <b>4,454,587,554</b>         |
| <b>EQUITY AND LIABILITIES</b>                          |      |                      |                              |                              |
| <b>Share capital and reserves</b>                      |      |                      |                              |                              |
| Authorized share capital                               | 20   | 2,200,000,000        | 1,500,000,000                | 1,500,000,000                |
| Issued, subscribed and paid-up capital                 | 20   | 1,383,982,139        | 892,028,729                  | 892,028,729                  |
| Reserves   | 21   | (2,469,970,886)      | (2,535,566,924)              | (2,565,785,206)              |
| Long term financing-subordinated loan                  | 22   | 129,238,590          | 398,515,961                  | 2,788,220,472                |
| Loan from related parties                              | 23   | 2,490,547,689        | 2,575,547,689                | -                            |
|  |      | <b>1,533,797,532</b> | <b>1,330,525,455</b>         | <b>1,114,463,995</b>         |
| <b>Non-current liabilities</b>                         |      |                      |                              |                              |
| Long term financing-others                             | 24   | 20,952,780           | 25,527,780                   | 57,624,657                   |
| Long term morabaha                                     | 25   | -                    | -                            | -                            |
| Liabilities against assets subject to finance lease    | 26   | 604,415              | 1,231,575                    | -                            |
| Long term certificates of investment                   | 27   | 221,062,389          | 227,062,389                  | 1,562,500                    |
| Deferred liabilities                                   | 28   | 8,053,270            | 6,775,700                    | 7,471,687                    |
| Long term deposits                                     | 29   | 88,467,647           | 3,584,053                    | 35,237,224                   |
|  |      | <b>339,140,501</b>   | <b>264,181,497</b>           | <b>101,896,068</b>           |
| <b>Current liabilities</b>                             |      |                      |                              |                              |
| Short term borrowings                                  | 30   | 39,413,532           | 39,413,532                   | 39,413,532                   |
| Short term certificates of investment                  | 31   | 465,970,519          | 557,912,544                  | 1,036,976,463                |
| Current maturities of non current liabilities          | 32   | 1,305,974,991        | 1,393,889,205                | 1,653,748,312                |
| Mark-up accrued  | 33   | 168,270,073          | 174,395,956                  | 257,286,916                  |
| Trade and other payables                               | 34   | 71,494,661           | 241,185,262                  | 250,802,268                  |
|  |      | <b>2,051,123,776</b> | <b>2,406,796,499</b>         | <b>3,238,227,491</b>         |
| Liabilities against assets classified as held for sale | 19   | 472,098,308          | 353,867,007                  | -                            |
| Contingencies and commitments                          | 35   | -                    | -                            | -                            |
|  |      | <b>4,396,160,117</b> | <b>4,355,370,458</b>         | <b>4,454,587,554</b>         |

The annexed notes from 01 to 55 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**
**DIRECTOR**
**CHIEF FINANCIAL OFFICER**

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

|  | Note | 2017<br>Rupees | 2016<br>Rupees |
|--|------|----------------|----------------|
| <b>Income</b>                                  |      |                |                |
| Income from lease operations                   | 36   | 6,694,399      | 40,518,360     |
| Income from investments                        | 37   | 594,185        | 258,561        |
| Income from term loans                         | 38   | 24,116,845     | 18,375,830     |
| Commission income                              |      | 25,302,330     | 16,026,577     |
|  |      | 56,707,759     | 75,179,328     |
| Finance cost                                   | 39   | 568,844        | 2,677,020      |
|  |      | 56,138,915     | 72,502,308     |
| Administrative and operating expenses          | 40   | 89,801,958     | 76,847,819     |
|  |      | (33,663,043)   | (4,345,511)    |
| Other income                                   | 41   | 114,919,911    | 23,707,896     |
|  |      | 81,256,868     | 19,362,385     |
| Other operating expenses                       | 42   | 23,115,376     | 17,224,249     |
| Profit before provisions and taxation          |      | 58,141,492     | 2,138,136      |
| Provision reversed against lease and term loan | 43   | (486,069)      | (19,335,432)   |
| Impairment charged in the value of investments | 44   | -              | 1,000,000      |
|  |      | (486,069)      | (18,335,432)   |
| Profit before taxation                         |      | 58,627,561     | 20,473,568     |
| Taxation                                       | 45   | 1,716,277      | 193,845        |
| Net profit for the year                        |      | 56,911,284     | 20,279,723     |
| Earnings per share - basic                     | 46   | 0.60           | 0.23           |
| Earnings per share - diluted                   | 46   | 0.60           | 0.23           |

The annexed notes from 01 to 55 form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED JUNE 30, 2017

|   | Note | 2017<br>Rupees    | 2016<br>Rupees    |
|---|------|-------------------|-------------------|
| Net profit for the year   |      | 56,911,284        | 20,279,723        |
| <b>Other comprehensive income</b>   |      |                   |                   |
| Items that may be reclassified subsequently to profit and loss account  |      |                   |                   |
| - Net fair value gain on available for sale financial assets  |      | -                 | 293,554           |
| - Gain during the year transferred to profit and loss account on derecognition of available for sale investment |      | -                 | 8,642,579         |
|   |      | -                 | 8,936,133         |
| Items that will not be reclassified subsequently to profit and loss account                                     |      |                   |                   |
| - Remeasurement of defined benefit obligation   |      | (26,215)          | 1,002,426         |
| <b>Total comprehensive income for the year</b>  |      | <b>56,885,069</b> | <b>30,218,282</b> |

The annexed notes from 01 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

|   | Note | 2017<br>Rupees       | 2016<br>Rupees<br>(Restated) |
|---|------|----------------------|------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                      |                              |
| Profit before taxation  |      | 58,627,561           | 20,473,568                   |
| <b>Adjustments for non cash / non operating items:</b>          |      |                      |                              |
| Depreciation  |      | 3,494,441            | 2,893,899                    |
| Provision for staff service cost                                |      | 2,297,175            | 2,594,514                    |
| Provision reversed against lease and term loan                  |      | (486,069)            | (19,335,432)                 |
| Lease receivables written off                                   |      | 14,404,407           | 6,396,619                    |
| Loss on disposal of investments                                 |      | 8,710,969            | 8,642,579                    |
| Finance cost  |      | 568,844              | 2,677,039                    |
| (Gain)/Loss on disposal of fixed assets                         |      | (78,829)             | 2,185,051                    |
| Profit on settlement  |      | (114,587,632)        | (23,041,567)                 |
| Impairment charged in the value of investment                   |      | -                    | 1,000,000                    |
|   |      | <u>(85,676,694)</u>  | <u>(15,987,298)</u>          |
| <b>Operating (loss) / profit before working capital changes</b> |      | <b>(27,049,133)</b>  | <b>4,486,270</b>             |
| <b>Changes in operating assets and liabilities:</b>             |      |                      |                              |
| <b>(Increase) / decrease in assets:</b>                         |      |                      |                              |
| Long term loans and advances                                    |      | 2,163,433            | 5,067,338                    |
| Finance lease receivables                                       |      | 38,593,054           | 39,022,593                   |
| Short term loans and advances                                   |      | (4,565,000)          | 1,861,731                    |
| Short term investments  |      | 7,000,000            | 3,000,000                    |
| Short term prepayments  |      | 2,846,101            | (162,698)                    |
| Mark-up accrued   |      | (24,259,082)         | 4,838,048                    |
| Other receivables   |      | (112,768,735)        | (57,121,103)                 |
|   |      | <u>(90,990,229)</u>  | <u>(3,494,041)</u>           |
| <b>Increase / (decrease) in liabilities:</b>                    |      |                      |                              |
| Certificates of investment                                      |      | (71,090,249)         | (260,433,250)                |
| Trade and other payables  |      | (26,608,465)         | (11,511,134)                 |
| Long term deposits  |      | 8,836,113            | (1,503,823)                  |
|   |      | <u>(88,862,601)</u>  | <u>(273,448,207)</u>         |
|   |      | <u>(179,852,830)</u> | <u>(276,942,248)</u>         |
| <b>Cash (used in) / generated from operations</b>               |      | <b>(206,901,963)</b> | <b>(272,455,978)</b>         |
| Finance cost paid   |      | (6,694,727)          | (8,520,342)                  |
| Taxes paid  |      | (71,569)             | (1,976,327)                  |
| Staff service cost paid   |      | (998,791)            | (2,288,075)                  |
|   |      | <u>(7,765,087)</u>   | <u>(12,784,744)</u>          |
| <b>Net cash used in operating activities</b>                    |      | <b>(214,667,050)</b> | <b>(285,240,722)</b>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                      |                              |
| Purchase of fixed assets  |      | (4,751,224)          | (4,213,917)                  |
| Capital work in progress  |      | -                    | -                            |
| Long term investments   |      | 2,833,291            | 2,144,097                    |
| Long term deposits  |      | (6,000,000)          | 9,319                        |
| Proceeds from disposal of fixed assets                          |      | 2,548,700            | 147,968,287                  |
| <b>Net cash generated from investing activities</b>             |      | <b>(5,369,233)</b>   | <b>145,907,786</b>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |      |                      |                              |
| Long term financing   |      | 209,547,564          | 148,785,544                  |
| Liabilities against assets subject to finance lease             |      | (534,998)            | 1,766,575                    |
| Dividend  |      | -                    | -                            |
| Net cash generated from/(used in) financing activities          |      | <u>209,012,566</u>   | <u>150,552,119</u>           |
| Net increase/(decrease) in cash and cash equivalents            |      | <u>(11,023,717)</u>  | <u>11,219,183</u>            |
| Cash and cash equivalents at the beginning of the year          |      | <u>(21,798,175)</u>  | <u>(33,017,358)</u>          |
| Cash and cash equivalents at the end of the year                | 49   | <u>(32,821,892)</u>  | <u>(21,798,175)</u>          |

The annexed notes from 01 to 55 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

|   | (Rupees)        |                   |                    |   |                  |                    |                 |
|---|-----------------|-------------------|--------------------|---|------------------|--------------------|-----------------|
|   | Ordinary Shares | Preference Shares | Capital Reserves   |   | Revenue Reserves |                    | Total           |
|   |                 |                   | Statutory Reserves | Loss on Remeasurement of Available for Sale Investments | General Reserves | Accumulated Losses |                 |
| <b>Balance as at 01 July 2015</b>   | 741,278,729     | 150,750,000       | 243,620,723        | (17,647,102)  | 61,000,000       | (2,781,029,967)    | (1,602,027,617) |
| Effect of adjustment of restatement as discussed in note No. 53.  | -               | -                 | -                  | -   | -                | (71,728,860)       | (71,728,860)    |
| <b>Balance as at 01 July 2015 - restated</b>  | 741,278,729     | 150,750,000       | 243,620,723        | (17,647,102)  | 61,000,000       | (2,852,758,827)    | (1,673,756,477) |
| <b>Total Comprehensive Income:</b>  |                 |                   |                    |   |                  |                    |                 |
| Profit for the year ended 30 June 2016  | -               | -                 | -                  | -   | -                | 20,279,723         | 20,279,723      |
| Other comprehensive income:   |                 |                   |                    |   |                  |                    |                 |
| Items that may be reclassified subsequently to profit and loss account  |                 |                   |                    |   |                  |                    |                 |
| - Net fair value gain on available for sale financial assets  | -               | -                 | -                  | 293,554   | -                | -                  | 293,554         |
| - Gain during the year transferred to profit and loss account on derecognition of available for sale investment | -               | -                 | -                  | 8,642,579   | -                | -                  | 8,642,579       |
| Items that not to be reclassified subsequently to profit and loss account in subsequent periods                 |                 |                   |                    |   |                  |                    |                 |
| - Remeasurement of defined benefit obligation   | -               | -                 | -                  | 8,936,133   | -                | 1,002,426          | 1,002,426       |
| <b>Total Comprehensive Income</b>   | -               | -                 | -                  | 8,936,133   | -                | 21,282,149         | 30,218,282      |
| Reclassification of related party loan  | -               | -                 | -                  | -   | -                | 2,575,547,689      | 2,575,547,689   |
| Reclassification of subordinated loan   | -               | -                 | -                  | -   | -                | 398,515,961        | 398,515,961     |
| Transfer to statutory reserves  | -               | -                 | 4,434,766          | -   | -                | (4,434,766)        | -               |
| Conversion of preference shares into ordinary shares  | 150,750,000     | (150,750,000)     | -                  | -   | -                | -                  | -               |
| <b>Balance as at 01 July 2016 - restated</b>  | 892,028,729     | -                 | 248,055,489        | (8,710,969)   | 61,000,000       | (2,835,911,444)    | 1,330,525,455   |
| <b>Total Comprehensive Income:</b>  |                 |                   |                    |   |                  |                    |                 |
| Profit for the year ended 30 June 2017  | -               | -                 | -                  | -   | -                | 56,911,284         | 56,911,284      |
| Other comprehensive income  |                 |                   |                    |   |                  |                    |                 |
| Items that may be reclassified subsequently to profit and loss account  |                 |                   |                    |   |                  |                    |                 |
| - Gain during the year transferred to profit and loss account on derecognition of available for sale investment | -               | -                 | -                  | 8,710,969   | -                | -                  | 8,710,969       |
| Items that not to be reclassified subsequently to profit and loss account in subsequent periods                 |                 |                   |                    |   |                  |                    |                 |
| - Remeasurement of defined benefit obligation   | -               | -                 | -                  | -   | -                | (26,215)           | (26,215)        |
| <b>Total Comprehensive Income</b>   | -               | -                 | -                  | 8,710,969   | -                | 56,885,069         | 65,596,038      |
| Transfer to statutory reserves  | -               | -                 | 11,382,257         | -   | -                | (11,382,257)       | -               |
| Conversion of preference shares dividend into ordinary shares   | 185,131,020     | -                 | -                  | -   | -                | -                  | 185,131,020     |
| Settlement of liabilities   | -               | -                 | -                  | -   | -                | (85,000,000)       | (85,000,000)    |
| Issue of ordinary share against liability   | 306,822,390     | -                 | -                  | -   | -                | -                  | 306,822,390     |
| <b>Balance as at 30 June 2017</b>   | 1,383,982,139   | -                 | 259,437,746        | -   | 61,000,000       | (2,790,408,632)    | 1,533,797,532   |

The annexed notes from 01 to 55 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2017

### 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 unquoted subsidiary company "Logic Management Services (Private) Limited" formerly: Trust Capital (Private) Limited ("TCPL").

#### 1.01 Parent Company

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

**1.01.2** The accumulated losses of the company amounting to Rs. 2,790.41 million as at balance sheet date and as of that date its current liabilities exceeds its current assets by Rs. 673.65 million and over due instalments of financing from banking companies, financial Institutions, term finance certificates holders and depositors amounting to Rs. 1,865.85 million. The company has paid renewal fee for Investment Finance Services (IFS) license, however, the Securities and 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. Moreover, the Pakistan Credit Rating Agency Limited (PACRA) has withdrawn the long-term (previously D) and short-term (previously D) credit rating since 19 November 2012 on the management's request. These conditions along with adverse key financial ratios and the pending litigations with the banking companies, financial institutions and investors indicate the existence of material uncertainty which may cast significant doubt about the companies 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.

SECP vide SRO # 1160/(1)/2015 dated November 25, 2015 has made certain amendments in NBFCs and Notified Entities Regulations 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs. 750 million. However, equity under the said regulations is falling short by Rs. 1,706.75 million (2016: Rs. 1,933.53 million). SECP had given time period of one year to the existing lending NBFCs to meet the minimum equity requirement. The said period has lapsed during the year i.e. November 25, 2016, but the company could not meet the minimum equity requirement.

During the year, the company has successfully negotiated settlement with major depositors through settlement against cash/properties. During the year, Company has classified its non current assets held for sale amounting to Rs. 280 million to settle its overdue current liabilities amounting to Rs. 472.10 million which will strengthen the liquidity of the company. The management has already initiated an active plan to sell the asset within one year. Negotiations with banks/financial institutions under litigation with the company are in process. Further, the management is very hopeful that it will be able to negotiate/restructure the remaining loans on favourable terms. The company has generated some liquidity through expediting recovery process. The directors/sponsors of the company has also injected the funds on and when required, and has also given the surety to inject the funds as per the requirements of the company in future which will result in improvement in the financial and operational conditions of the company. With all these measures in place and expected cash injection from directors and financial institutions in coming months, the liquidity position will be strengthened. 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, due to the above mentioned mitigating factors these financial statements have been prepared on going concern basis.

#### 1.02 Subsidiary Company

**1.02.1** During the year the name of the subsidiary company "Trust Capital (Private) Limited" was changed to Logic Management Services (Private) Limited. The business of the company is to provide consultancy services. The registered office of the company is located at 6th Floor, M. M. Tower, 28 - A / K, Gulberg II, Lahore.

### 2 STATEMENT OF COMPLIANCE

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as "the Group".

A subsidiary is an entity in which the Parent Company directly or indirectly controls, beneficially owns or holds more than fifty percent of the voting securities or otherwise has the power to elect and/or appoint more than fifty percent of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment is eliminated against the Parent Company's share in the net assets of the Subsidiary Company.

Inter-company transactions, balances and unrealized gains/losses on transactions between the Parent and Subsidiary have been eliminated. Accounting policies of the Subsidiary Company are same as those of the Parent Company to ensure consistency in accounting treatments of like transactions.

- 2.01** During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated 20 July 2017 communicated that the Commission has decided that companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

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.

**2.02 Standards, interpretations and amendments to published approved accounting standards**

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

**Standards, amendments to published standards and interpretations effective in current year**

Following are the amendments that are applicable for accounting periods beginning on or after 01 July 2016:

**Improvement to Accounting Standards Issued by the IASB**

|         |   |
|---------|---|
| IAS 7   | - Disclosure initiatives                                  |
| IAS 12  | - Recognition of deferred tax asset for unrealized losses |
| IFRS 12 | - Disclosure of interest in other entities                |

The adoption of the above improvements to accounting standards and interpretations are not likely to have an impact on the Company's financial statements.

**Standards, interpretations and amendments to published standards that are effective but not relevant to the company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 01 July 2016 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

**Standards, interpretations and amendments to existing standards that are not yet effective**

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

|        |  |                 |
|--------|--|-----------------|
| IFRS 2 | - Classification and measurement of share based payment transactions | 01 January 2018 |
| IFRS 4 | - Insurance contracts  | 01 January 2018 |
| IAS 40 | - Investment property  | 01 January 2018 |
| IFRS 1 | - First time adoption of International Financial Reporting Standard  | 01 January 2018 |
| IAS 28 | - Investments in Associated and joint ventures                       | 01 January 2018 |

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| <b>Standard or Interpretation</b>                                 | <b>Effective date<br/>(accounting periods<br/>Beginning on or after)</b> |
|---|--|
| IFRS 09 - Financial Instruments:                                  | 01 January 2018  |
| IFRS 09 - Financial Instruments: Classification and Measurement   | 01 January 2018  |
| IFRS 15 - Revenue from Contracts with Customers                   | 01 January 2018  |
| IFRIC 22 - Foreign currency transaction and advance consideration | 01 January 2018  |
| IFRIC 23 - Uncertainty over Income Tax treatments                 | 01 January 2019  |
| IFRS 16 - Leases  | 01 January 2019  |
| IFRS 17 - Insurance contracts                                     | 01 January 2021  |

### 3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 4 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis and certain other investments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

### 5 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

- Useful life of depreciable assets;
- Provision for doubtful receivables;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Impairment of assets.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

### 6 SIGNIFICANT ACCOUNTING POLICIES

#### 6.01 Property, plant and equipment

##### Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to income by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on additions to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains / losses on disposal of fixed assets are included in current year's income.

Subsequent costs are included in the asset's carrying amount are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the profit and loss account during the year in which these are incurred.

#### **Assets subject to finance lease**

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to owned assets applying reducing balance method, except vehicles for which straight line method is used, to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease period.

Insurance and other maintenance costs are borne by the Company.

Financial charges and depreciation on leased assets are charged to profit and loss account currently.

#### **Capital work in progress**

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

#### **Investment Property**

Investment property, principally comprising of land, is held for long term rental yields / capital appreciation. The investment property of the Company comprises of land and is valued using the cost method i.e. at cost less impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property in working condition for their intended use and capitalized borrowing costs, if any. The residual values and useful lives of investment property are reviewed at each reporting date and adjusted, if appropriate. The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in profit and loss account.

### **6.02 Non-current assets (or disposal group) classified as held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets (or disposal groups) are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment once classified as held for sale are not depreciated or amortised.

### **6.03 Investments**

#### **(i) Financial assets at fair value through profit and loss (Held for trading)**

These securities are either acquired for generating a profit from short term fluctuations in prices or securities included in a portfolio in which a pattern of short term profit taking exists. These investments are initially measured at fair value being the consideration given. On subsequent reporting dates, these are measured at fair values on quoted market price and unrealized gains and losses arising from changes in the fair values are recognized in the income of the period in which these arise.

#### **(ii) Investments held to maturity**

These are securities with fixed or determinable payments and fixed maturity where the Company has a positive intent and ability to hold till maturity. These are initially measured at fair value being the consideration given plus transactions' costs that are attributable to the acquisition of these investments. At subsequent reporting dates, these are measured at amortized cost using effective interest rate method. Mark-up calculated using the effective interest rate method is recognized in the profit and loss account. Impairment loss, if any, is recognized in profit and loss in the period it arises.

**(iii) 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 available for sale investment are recognized directly in other comprehensive income, 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.

**(iv) Investments in associates and related parties**

Investment in associates and related parties where the Company can exercise significant influence; has intention and ability to hold the investment for more than twelve months of acquisition and are not held for sale are accounted for using the equity method of accounting. Impairment in value, if any, is recognized in profit and loss accounts in the period it arises.

**(v) 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".

**(vi) Investment in unquoted securities**

Investment in unquoted securities are initially measured at cost. Impairment loss, if any, is charged to profit and loss account.

**(vii) 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.

**(viii) 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. Mark-up 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.

**6.04 Trade and settlement date accounting**

All purchase and sale of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Investment Bank commits to purchase or sell the investment.

**6.05 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 mark-up 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.

**6.06 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.

**6.07 Finance lease receivables**

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.

**6.08 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.

**6.09 Taxation****Current**

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

## Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the balance sheet date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

## 6.10 Share capital

### Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

### Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

## 6.11 Contingencies

Contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 6.12 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

## 6.13 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 are 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.

**6.14 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.

**6.15 Staff retirement benefits**
**Defined benefit plan**

The Company operates an approved unfunded defined benefit gratuity plan 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. Past service costs are recognised immediately in profit and loss account. The benefit calculated is as follows:

Last drawn gross salary x Number of completed years of services.

Six or more months of service in excess of completed years of services is counted as one complete year. However, less than six months of service is ignored.

As per actuarial valuation carried out as at 30 June 2017, the following significant assumptions were used:

|  |                                 |          |
|--|---------------------------------|----------|
| Discount factor used   | 7.25%                           | 9.75%    |
| Expected rate of eligible salary increase in future years    | 6.75%                           | 6.25%    |
| Expected rate of return on plan assets                       | 7.75%                           | 7.25%    |
| Expected average remaining years until vesting as on 30 June | 7 years                         | 8 years  |
| Expected mortality rate                                      | SLIC 2001 - 2005 Setback 1 Year |          |
| Retirement assumptions                                       | 60 years                        | 60 years |

**Accumulating compensated absences**

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue. As the component of liability involved is not material, the Company did not carry out actuarial valuation for the said liability.

**6.16 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.

**6.17 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.

**6.18 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which such costs are capitalised as part of the cost of that asset. Currently, the Company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

### 6.19 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.

### 6.20 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.

### 6.21 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.

### 6.22 Dividends and other appropriations

Dividend is recognized as a liability in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

### 6.23 Bonus shares

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

### 6.24 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

### 6.25 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment income and expenses are eliminated from the total.

|                               | Note | 2017<br>Rupees     | 2016<br>Rupees     |
|-------------------------------|------|--------------------|--------------------|
| <b>7 FIXED ASSETS</b>         |      |                    |                    |
| <b>Tangible</b>               |      |                    |                    |
| Property, plant and equipment | 7.01 | 529,120,013        | 651,249,016        |
| Capital work in progress      | 7.02 | -                  | 12,902,400         |
|                               |      | <u>529,120,013</u> | <u>664,151,416</u> |

**7.01 Property, plant and equipment**

The following is a statement of operating fixed assets (tangible):

|  | <i>Rupees</i> |                           |                        |                               |                        |                            |             |                 |               |
|--|---------------|---------------------------|------------------------|-------------------------------|------------------------|----------------------------|-------------|-----------------|---------------|
|  | Land          | Building on freehold land | Leasehold improvements | Office equipment and machines | Furniture and fixtures | Air-conditioning equipment | Vehicles    | Leased Vehicles | Total         |
| <b>At 30 June 2015</b>                         |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost   | 813,287,560   | 10,334,400                | 19,668,153             | 19,968,567                    | 12,106,254             | 807,184                    | 4,121,853   | -               | 880,293,971   |
| Accumulated depreciation                       | -             | -                         | (16,558,834)           | (15,960,140)                  | (7,367,461)            | (520,690)                  | (1,897,063) | -               | (42,304,188)  |
| Net book value in Rupees                       | 813,287,560   | 10,334,400                | 3,109,319              | 4,008,427                     | 4,738,793              | 286,494                    | 2,224,790   | -               | 837,989,783   |
| <b>Year ended 30 June 2016</b>                 |               |                           |                        |                               |                        |                            |             |                 |               |
| Additions                                      | -             | -                         | -                      | 1,622,417                     | -                      | -                          | 47,500      | 2,544,000       | 4,213,917     |
| Disposal                                       |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost   | (27,287,560)  | -                         | -                      | (2,864,163)                   | (1,200,151)            | (268,240)                  | (2,437,997) | -               | (34,058,111)  |
| Depreciation                                   | -             | -                         | -                      | 2,438,863                     | 763,625                | 197,984                    | 1,503,424   | -               | 4,903,896     |
| Net book value                                 | (27,287,560)  | -                         | -                      | (425,300)                     | (436,526)              | (70,256)                   | (934,573)   | -               | (29,154,215)  |
| Depreciation charge for the year (note 7.01.1) | -             | (66,720)                  | (621,864)              | (865,465)                     | (447,205)              | (24,372)                   | (732,443)   | (42,400)        | (2,800,469)   |
| Transferred to non current assets              | (150,000,000) | (9,000,000)               | -                      | -                             | -                      | -                          | -           | -               | (159,000,000) |
| classified as held for sale (note 18)          | 636,000,000   | 1,267,680                 | 2,487,455              | 4,340,079                     | 3,855,062              | 191,866                    | 605,274     | 2,501,600       | 651,249,016   |
| <b>Net book value as at 30 June 2016</b>       |               |                           |                        |                               |                        |                            |             |                 |               |
| Year ended 30 June 2017                        |               |                           |                        |                               |                        |                            |             |                 |               |
| Additions                                      | -             | -                         | -                      | 1,645,864                     | 36,000                 | 85,000                     | -           | 2,984,360       | 4,751,224     |
| Disposal                                       |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost   | -             | -                         | -                      | (30,000)                      | -                      | -                          | -           | (2,544,000)     | (2,574,000)   |
| Depreciation                                   | -             | -                         | -                      | 19,329                        | -                      | -                          | -           | 84,800          | 104,129       |
| Net book value                                 | -             | -                         | -                      | (10,671)                      | -                      | -                          | -           | (2,459,200)     | (2,469,871)   |
| Depreciation charge for the year (note 7.01.1) | -             | (513,384)                 | (497,484)              | (1,121,098)                   | (387,933)              | (20,604)                   | (121,055)   | (748,796)       | (3,410,354)   |
| Reclassified as held for sale (note 19)        | (280,000,000) | -                         | -                      | -                             | -                      | -                          | -           | -               | (280,000,000) |
| Transferred from held for sale                 | 150,000,000   | 9,000,000                 | -                      | -                             | -                      | -                          | -           | -               | 159,000,000   |
| Net book value as at 30 June 2017              | 506,000,000   | 9,754,296                 | 1,989,971              | 4,854,174                     | 3,503,129              | 256,262                    | 484,219     | 2,277,964       | 529,120,013   |
| <b>At 30 June 2016</b>                         |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost   | 636,000,000   | 1,334,400                 | 19,668,153             | 18,726,821                    | 10,906,103             | 538,944                    | 1,731,356   | 2,544,000       | 691,449,777   |
| Accumulated depreciation                       | -             | (66,720)                  | (17,180,698)           | (14,386,742)                  | (7,051,041)            | (347,078)                  | (1,126,082) | (42,400)        | (40,200,761)  |
| Net book value in Rupees                       | 636,000,000   | 1,267,680                 | 2,487,455              | 4,340,079                     | 3,855,062              | 191,866                    | 605,274     | 2,501,600       | 651,249,016   |
| <b>At 30 June 2017</b>                         |               |                           |                        |                               |                        |                            |             |                 |               |
| Cost   | 506,000,000   | 10,334,400                | 19,668,153             | 20,342,685                    | 10,942,103             | 623,944                    | 1,731,356   | 2,984,360       | 572,627,001   |
| Accumulated depreciation                       | -             | (580,104)                 | (17,678,182)           | (15,488,511)                  | (7,438,974)            | (367,682)                  | (1,247,137) | (706,396)       | (43,506,986)  |
| Net book value in Rupees                       | 506,000,000   | 9,754,296                 | 1,989,971              | 4,854,174                     | 3,503,129              | 256,262                    | 484,219     | 2,277,964       | 529,120,013   |
| Annual rates of depreciation (%)               | -             | 5%                        | 20%                    | 20%                           | 10%                    | 10%                        | 20%         | 20%             |               |

**7.01.1** Depreciation charge for the year has been allocated as follows:

|                                       | <b>30 June 2017</b> | <b>30 June 2016</b> |
|---------------------------------------|---------------------|---------------------|
|                                       | <b>Rupees</b>       | <b>Rupees</b>       |
| Administrative and operating expenses | 3,410,354           | 2,800,469           |
|                                       | <b>3,410,354</b>    | <b>2,800,469</b>    |

**7.01.2** No impairment relating to operating fixed assets has been recognised in the current year.

### **7.01.3 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**

The following operating fixed assets with a net book value exceeding Rs. 50,000 were disposed off during the year:

| Sr. No. | Description   | Cost             | Accumulated Depreciation | Book Value       | Sales Proceeds   | Gain / (Loss) | Mode of Disposal | Sold To                         |
|---------|---|------------------|--------------------------|------------------|------------------|---------------|------------------|---------------------------------|
| 1       | Vehicle   | 2,544,000        | 84,800                   | 2,459,200        | 2,544,000        | 84,800        | Negotiation      | Capital Investment Bank Limited |
|         | Aggregate of items of operating fixed                       |                  |                          |                  |                  |               |                  |                                 |
| 2       | assets with individual book values not exceeding Rs. 50,000 | 30,000           | 19,329                   | 10,671           | 4,700            | (5,971)       |                  |                                 |
|         | <b>Rupees 2017</b>  | <b>2,574,000</b> | <b>104,129</b>           | <b>2,469,871</b> | <b>2,548,700</b> | <b>78,829</b> |                  |                                 |
|         | Rupees 2016   | 148,256,588      | 3,215,100                | 145,041,488      | 197,087,590      | 52,046,102    |                  |                                 |

|  | Note  | 2017<br>Rupees      | 2016<br>Rupees     |
|--|---|---------------------|--------------------|
| <b>7.02 Capital work in progress</b>             |   |                     |                    |
| Opening balance                                  |   | 12,902,400          | 104,472,950        |
| Additions  |   | -                   | -                  |
|  |   | <u>12,902,400</u>   | <u>104,472,950</u> |
| Transfer   |   | -                   | (91,570,550)       |
| Disposal   | 7.03  | <u>(12,902,400)</u> | -                  |
| Closing balance                                  |   | <u>-</u>            | <u>12,902,400</u>  |
| <b>7.03 Disposal of Capital work in progress</b> |   |                     |                    |
| China Centre - shops                             | 7.03.1  | <u>12,902,400</u>   | -                  |
|  |   | <u>12,902,400</u>   | <u>-</u>           |
| <b>7.03.1</b>                                    | During the year, said property had been disposed off to a party against certificates of investment. |                     |                    |

## 8 Intangible Assets

The following is a statement of intangible assets:

*Rupees*

|   | <b>Membership Card</b> | <b>Software Licence</b> | <b>Total</b> |
|---|------------------------|-------------------------|--------------|
| At 30 June 2015                         |                        |                         |              |
| Cost                                    | 30,000,000             | 3,590,700               | 33,590,700   |
| Accumulated amortization                | -                      | (2,656,399)             | (2,656,399)  |
| Net book value in Rupees                | 30,000,000             | 934,301                 | 30,934,301   |
| Year ended 30 June 2016                 |                        |                         |              |
| Additions                               | -                      | -                       | -            |
| Disposal                                |                        |                         |              |
| Cost                                    | -                      | -                       | -            |
| Amortization                            | -                      | -                       | -            |
| Net book value                          | -                      | -                       | -            |
| Amortization charge for the year 8.01.1 | -                      | (93,430)                | (93,430)     |
| Net book value as at 30 June 2016       | 30,000,000             | 840,871                 | 30,840,871   |
| Year ended 30 June 2016                 |                        |                         |              |
| Additions                               | -                      | -                       | -            |
| Disposal                                |                        |                         |              |
| Cost                                    | -                      | -                       | -            |
| Amortization                            | -                      | -                       | -            |
| Net book value                          | -                      | -                       | -            |
| Amortization charge for the year 8.01.1 | -                      | (84,087)                | (84,087)     |
| Net book value as at 30 June 2017       | 30,000,000             | 756,784                 | 30,756,784   |
| At 30 June 2016                         |                        |                         |              |
| Cost                                    | 30,000,000             | 3,590,700               | 33,590,700   |
| Accumulated amortization                | -                      | (2,749,829)             | (2,749,829)  |
| Net book value in Rupees                | 30,000,000             | 840,871                 | 30,840,871   |
| At 30 June 2017                         |                        |                         |              |
| Cost                                    | 30,000,000             | 3,590,700               | 33,590,700   |
| Accumulated amortization                | -                      | (2,833,916)             | (2,833,916)  |
| Net book value in Rupees                | 30,000,000             | 756,784                 | 30,756,784   |
| Annual rates of amortization (%)        | -                      | 10                      |              |

**8.01.1** Amortization charge for the year has been allocated as follows:

|                                  | <b>30 June 2017</b> | <b>30 June 2016</b> |
|----------------------------------|---------------------|---------------------|
|                                  | <b>Rupees</b>       | <b>Rupees</b>       |
| Amortization charge for the year | 84,087              | 93,430              |
|                                  | <b>84,087</b>       | <b>93,430</b>       |

|   | Note  | 2017<br>Rupees       | 2016<br>Rupees       |
|---|---|----------------------|----------------------|
| <b>9 INVESTMENT PROPERTY</b>                        |   |                      |                      |
| Opening balance                                     |   | 1,970,571,427        | 2,000,000,000        |
| Addition during the year                            |   | -                    | -                    |
| Disposal during the year                            |   | -                    | (29,428,573)         |
|   |   | <u>1,970,571,427</u> | <u>1,970,571,427</u> |
| <b>9.01</b>   | This land is against subordinated loan from a director. Title of this property has been transferred in the name of the company.   |                      |                      |
| <b>9.02</b>   | There is no significant change in the fair value of Investment property from the previous year which was amounting to Rs. 2,210 million.  |                      |                      |
| <b>10 LONG TERM INVESTMENTS</b>                     |   |                      |                      |
| Investment in financial instruments                 | 10.01   | <u>40,329,060</u>    | <u>43,162,351</u>    |
|   |   | 40,329,060           | 43,162,351           |
| Less: Current portion of long term investments      | 13  | <u>38,873,750</u>    | <u>38,873,750</u>    |
|   |   | <u>1,455,310</u>     | <u>4,288,601</u>     |
| <b>10.01 Investment in financial instruments</b>    |   |                      |                      |
| <b>Held to maturity</b>                             |   |                      |                      |
| <b>Term finance certificates</b>                    |   |                      |                      |
| Azgard Nine Limited                                 | 10.01.1   | 30,485,310           | 30,485,310           |
| <b>Sukuks</b>                                       |   |                      |                      |
| Eden Housing Limited                                | 10.01.2   | 9,843,750            | 9,843,750            |
| New Allied Electronics Industries (Private) Limited | 10.01.3   | -                    | 20,000,000           |
| Accumulated impairment                              |   | -                    | (20,000,000)         |
|   |   | <u>40,329,060</u>    | <u>40,329,060</u>    |
| <b>Available for sale</b>                           |   |                      |                      |
| <b>Shares</b>                                       |   |                      |                      |
| Agritech Limited                                    | 10.01.3   | -                    | 11,544,260           |
| Accumulated impairment                              |   | -                    | (8,710,969)          |
|   |   | <u>40,329,060</u>    | <u>43,162,351</u>    |
| <b>10.01.1</b>                                      | The Company has purchased term finance certificates of Rs. 40 million, out of total issue of Rs. 2.5 billion for a period of 07 years ending on 04 December 2014 including grace period of two years. This issue has been rescheduled on 01 December 2010 and the tenure is reset for a further period of 03 years ending on 04 December 2018 including a further grace period of one year. Mark-up is carried @ 6 month KIBOR + 100 BPS upto December 2011, 6 month KIBOR + 125 BPS upto December 2015 and 6 month KIBOR + 175 BPS upto December 2017. The amount of Rs. 39.968 million will be redeemed in 16 semi annual instalments starting from July 2010 and ending on 31 December 2017. Subsequently, an agreement was signed between Azgard Nine Limited and TFC's holders on 12 April 2012. |                      |                      |
|   | A new TFC Investors agreement was signed on 28 June 2012 for the settlement of mark-up payable of Rs. 13.145 million upto 31 March 2012 against 2,629 numbers of Zero coupon TFC's with a grace period of 1 year and will be separately redeemed in 7 semi annual instalments starting from March 2014 and maturing on 31 March 2017.   |                      |                      |
| <b>10.01.2</b>                                      | The Company has participated in Sukuks of Rs. 50 million, out of total issue of Rs. 3 billion, secured against first pari passu charge over current and future receivables of the investee upto the extent of the issue. This issue has been rescheduled for a further period of 1.5 years with the expiry of 29 September 2014. These carry mark-up @ 3 months KIBOR+ 250 BPS with floor 7% and cap of 20% from 31 March 2008 to 29 September 2013 and 3 months KIBOR + 300 BPS with floor of 7% and cap of 20% from 30 September 2013 to 29 September 2014. These certificates are redeemable in five semi annually instalments and sixteen quarterly instalments starting from 30 September 2008 and ending on 29 September 2014.  |                      |                      |
| <b>10.01.3</b>                                      | During the year shares of New Allied Electronics Industries (Private) Limited and Agritech Limited have been settled against liability.   |                      |                      |

|  | Note  | 2017<br>Rupees       | 2016<br>Rupees       |
|--|-------|----------------------|----------------------|
| <b>11 LONG TERM LOANS AND ADVANCES</b>   |       |                      |                      |
| <b>Secured:</b>  |       |                      |                      |
| Employees - considered good  | 11.01 | -                    | 20,107               |
| Companies, organizations & individuals:  |       |                      |                      |
| - Considered good  | 11.02 | 31,190,779           | 33,334,105           |
| - Considered doubtful  |       | 2,547,805            | 2,547,805            |
|  |       | <u>33,738,584</u>    | <u>35,881,910</u>    |
|  |       | <u>33,738,584</u>    | <u>35,902,017</u>    |
| <b>Un-secured:</b>   |       |                      |                      |
| Companies, organizations & individuals - Considered doubtful   | 11.03 | 393,125,286          | 393,125,286          |
|  |       | <u>426,863,870</u>   | <u>429,027,303</u>   |
| Less: provision against doubtful loans   | 11.04 | 393,386,559          | 393,386,559          |
|  |       | <u>33,477,311</u>    | <u>35,640,744</u>    |
| Less: current maturity   | 13    | 33,477,311           | 34,672,705           |
|  |       | <u>-</u>             | <u>968,039</u>       |
|  |       | <u>-</u>             | <u>-</u>             |
| <b>11.01</b> It includes long term loans provided to employees which are secured against mortgage of property and carry nil mark-up (2016: nil) per annum. The maximum aggregate balance due from executives is Rs. nil (2016: Rs. 11,355).  |       |                      |                      |
| <b>11.02</b> These include long term finances provided to companies, organizations and individuals against mortgage of property, charge over assets and lien on deposits etc. These carry mark-up ranging from 16% to 21% (2016: 16% to 21%) per annum.  |       |                      |                      |
| <b>11.03</b> It includes receivables of "Logic Management Services (Private) Limited" formerly "Trust Capital (Private) Limited" (TCPL), a subsidiary of the Company, amounting to Rs. 393 million, (2016: 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 thirty nine quarterly instalments receivable latest by 30 June 2020. It carries mark-up @ 10% per annum increasing by 2% each year upto 5 years and @ 18% from 5th year onwards. |       |                      |                      |
| <b>11.04 Provision against doubtful loans</b>  |       |                      |                      |
| Opening balance  |       | 393,386,559          | 396,594,364          |
| Reversal during the year   |       | -                    | (3,207,805)          |
| Closing balance  |       | <u>393,386,559</u>   | <u>393,386,559</u>   |
| <b>11.04.1 Particulars of provision against doubtful loans</b>   |       |                      |                      |
| Companies, organizations and individuals   |       | <u>393,386,559</u>   | <u>393,386,559</u>   |
| <b>12 FINANCE LEASE RECEIVABLES</b>  |       |                      |                      |
| Lease payments receivable  | 12.01 | 1,021,416,028        | 1,066,529,181        |
| Add: Residual value  |       | 273,917,501          | 273,917,501          |
| Gross Lease  |       | <u>1,295,333,529</u> | <u>1,340,446,682</u> |
| Less: Unearned finance income  |       | -                    | -                    |
| Present value of minimum lease payments receivables  |       | <u>1,295,333,529</u> | <u>1,340,446,682</u> |
| Income suspended   | 12.03 | 83,564,305           | 90,084,404           |
| Provision for lease losses   | 12.04 | 272,639,521          | 272,639,521          |
|  |       | <u>356,203,826</u>   | <u>362,723,925</u>   |
| Net finance lease receivables  |       | <u>939,129,703</u>   | <u>977,722,757</u>   |
| Less: Current portion of finance lease receivables   | 13    | 939,129,703          | 977,722,757          |
|  |       | <u>-</u>             | <u>-</u>             |
|  |       | <u>-</u>             | <u>-</u>             |

| <b>30 June 2017</b>                                 |                                |  |                              |                      |
|---|--------------------------------|--|------------------------------|----------------------|
|   | <b>Not later than one year</b> | <b>Later than one year and not later than five years</b> | <b>Later than five years</b> | <b>Total</b>         |
|   | <i>Rupees</i>                  | <i>Rupees</i>  | <i>Rupees</i>                | <i>Rupees</i>        |
| Gross investment                                    | 1,295,333,529                  | -  | -                            | 1,295,333,529        |
| Less: Unearned finance income                       | -                              | -  | -                            | -                    |
| Present value of minimum lease payments receivables | <u>1,295,333,529</u>           | <u>-</u>   | <u>-</u>                     | <u>1,295,333,529</u> |
| <b>30 June 2016</b>                                 |                                |  |                              |                      |
|   | <b>Not later than one year</b> | <b>Later than one year and not later than five years</b> | <b>Later than five years</b> | <b>Total</b>         |
|   | <i>Rupees</i>                  | <i>Rupees</i>  | <i>Rupees</i>                | <i>Rupees</i>        |
| Gross investment                                    | 1,340,446,682                  | -  | -                            | 1,340,446,682        |
| Less: Unearned finance income                       | -                              | -  | -                            | -                    |
| Present value of minimum lease payments receivables | <u>1,340,446,682</u>           | <u>-</u>   | <u>-</u>                     | <u>1,340,446,682</u> |

**12.01** The Company has entered into various lease agreements with implicit rate of return ranging from 8% to 25% (2016: 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. The average term of finance leases entered into is five years.

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

**12.02** These leases pertain to previous years as currently the company does not have license for lease financing.

|  | <b>Note</b> | <b>2017<br/>Rupees</b>      | <b>2016<br/>Rupees</b> |
|--|-------------|-----------------------------|------------------------|
| <b>12.03 Income suspended</b>  |             |                             |                        |
| Balance at the beginning of the year   |             | <b>90,084,404</b>           | 129,584,710            |
| Suspended during the year  |             | -                           | -                      |
| Reversal of suspension   |             | <b>(6,520,099)</b>          | (39,500,306)           |
| Balance at the end of the year   |             | <u><b>83,564,305</b></u>    | <u>90,084,404</u>      |
| <b>12.04 Provision for lease losses</b>  |             |                             |                        |
| Balance at the beginning of the year   |             | <b>272,639,521</b>          | 275,340,868            |
| Provision during the year  |             | -                           | -                      |
| Provision reversed during the year   |             | -                           | (2,701,347)            |
| Balance at the end of the year   |             | <u><b>272,639,521</b></u>   | <u>272,639,521</u>     |
| <b>12.05</b> Total amount of finance lease receivables at the end of reporting period is past due. |             |                             |                        |
| <b>13 CURRENT MATURITIES OF NON-CURRENT ASSETS</b>   |             |                             |                        |
| Long term investments  | 10          | <b>38,873,750</b>           | 38,873,750             |
| Long term loans and advances   | 11          | <b>33,477,311</b>           | 34,672,705             |
| Long term finance lease receivables  | 12          | <b>939,129,703</b>          | 977,722,757            |
|  |             | <u><b>1,011,480,764</b></u> | <u>1,051,269,212</u>   |

|   | Note  | 2017<br>Rupees     | 2016<br>Rupees     |
|---|---|--------------------|--------------------|
| <b>14 SHORT TERM LOANS AND ADVANCES</b>         |   |                    |                    |
| Short term loans-secured                        | 14.01   | 34,646,749         | 30,133,749         |
| Short term advances                             | 14.02   | 35,504,329         | 40,435,452         |
|   |   | <u>70,151,078</u>  | <u>70,569,201</u>  |
| <b>14.01 Short term loans-secured</b>           |   |                    |                    |
| Companies, organizations and individuals        |   |                    |                    |
| Considered good                                 | 14.01.1   | 34,932,749         | 29,065,208         |
| Considered doubtful                             |   | -                  | 1,302,541          |
|   |   | 34,932,749         | 30,367,749         |
| Less: Provision against doubtful loans          | 14.01.2   | 286,000            | 234,000            |
|   |   | <u>34,646,749</u>  | <u>30,133,749</u>  |
| <b>14.01.1</b>                                  | 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 15% to 20% (2016: 13.12% to 21%) per annum.  |                    |                    |
| <b>14.01.2 Provision against doubtful loans</b> |   |                    |                    |
| Balance at the beginning of the year            |   | 234,000            | 768,939            |
| Charged during the year                         |   | 52,000             | -                  |
| Reversed during the year                        |   | -                  | (534,939)          |
| Balance at the end of the year                  |   | <u>286,000</u>     | <u>234,000</u>     |
| <b>14.02 Short term advances</b>                |   |                    |                    |
| Considered good                                 |   |                    |                    |
| Advances to employees and others                |   | 35,504,329         | 40,435,452         |
|   |   | <u>35,504,329</u>  | <u>40,435,452</u>  |
| <b>15 SHORT TERM INVESTMENTS</b>                |   |                    |                    |
| <b>Held to maturity:</b>                        |   |                    |                    |
| Term deposit receipts (TDR)                     | 15.01   | -                  | 7,000,000          |
| Considered doubtful:                            |   |                    |                    |
| Investment with First Fidelity Leasing Modaraba | 15.02   | 1,000,000          | 1,000,000          |
| Repurchase agreement lendings (Reverse Repo)    | 15.03   | 7,022,877          | 7,022,877          |
|   |   | <u>8,022,877</u>   | <u>15,022,877</u>  |
| Less: Provision against doubtful lending        |   | 8,022,877          | 8,022,877          |
|   |   | <u>-</u>           | <u>7,000,000</u>   |
| <b>15.01</b>                                    | This amount was placed with different financial institutions/banks @ 4.19% and 4.35% p.a.   |                    |                    |
| <b>15.02</b>                                    | This investment was made during 2011-2012 against the loan of ENPLAN with nil mark up which was due to be settled before or on 31 March 2013. Subsequently, it was settled against the Certificate of Investments of Mr. Abdul Rasheed and the remaining balance of Rs. 1 million is still receivable as on balance sheet date. |                    |                    |
| <b>15.03</b>                                    | These were secured against quoted securities. These carry mark-up at the rate of 22% p.a (2016: 22% p.a.). Quoted securities placed as collateral were disposed off during the year 2011. Remaining balance has been fully provided.  |                    |                    |
| <b>16 MARK-UP ACCRUED</b>                       |   |                    |                    |
| Mark-up accrued on:                             |   |                    |                    |
| Term finance certificates and Sukuks            | 16.01   | 2,458,304          | 962,649            |
| Short term and long term loans                  | 16.02   | 21,277,729         | 20,600,547         |
| Finance lease receivables                       | 16.03   | 168,983,963        | 169,036,028        |
| Short term investment                           | 16.04   | -                  | -                  |
|   |   | <u>192,719,996</u> | <u>190,599,224</u> |

|  | Note    | 2017<br>Rupees            | 2016<br>Rupees            |
|--|---------|---------------------------|---------------------------|
| <b>16.01 Mark-up accrued on bonds and term finance certificates</b>  |         |                           |                           |
| Considered good  |         | 962,652                   | 962,652                   |
| Considered doubtful  |         | 22,773,381                | 56,678,624                |
|  |         | <u>23,736,033</u>         | <u>57,641,276</u>         |
| Less: Suspension against doubtful receivables  | 16.01.1 | <u>21,277,729</u>         | <u>56,678,627</u>         |
|  |         | <u><u>2,458,304</u></u>   | <u><u>962,649</u></u>     |
| <b>16.01.1 Suspension against doubtful receivables</b>   |         |                           |                           |
| Opening balance  |         | 56,678,627                | 55,314,981                |
| Suspended during the year  |         | (35,400,898)              | 1,363,646                 |
| Closing balance  |         | <u>21,277,729</u>         | <u>56,678,627</u>         |
| <b>16.02 Mark-up accrued on short term and long term loans</b>   |         |                           |                           |
| Considered good  |         | 37,966,720                | 19,271,238                |
| Considered doubtful  |         | 108,902,283               | 104,834,338               |
|  |         | <u>146,869,003</u>        | <u>124,105,576</u>        |
| Less: Suspension against doubtful loans  | 16.02.1 | <u>125,591,274</u>        | <u>103,505,029</u>        |
|  |         | <u><u>21,277,729</u></u>  | <u><u>20,600,547</u></u>  |
| <b>16.02.1 Suspension against doubtful loans</b>   |         |                           |                           |
| Opening balance  |         | 103,505,029               | 104,564,543               |
| Suspended during the year  |         | 22,086,245                | 304,529                   |
| Reversal of suspension   |         | -                         | (1,364,043)               |
| Closing balance  |         | <u>125,591,274</u>        | <u>103,505,029</u>        |
| <b>16.03 Mark-up accrued on investment in lease-considered good</b>  |         | <u>168,983,963</u>        | <u>169,036,028</u>        |
| This includes additional mark up on lease rentals amounting to Rs. 168.984 million (2016: Rs. 169.036 million) in respect of overdue rentals receivable from performing lease portfolio in accordance with the terms of lease agreement. |         |                           |                           |
| <b>16.04 Mark-up accrued on short term investments</b>   |         |                           |                           |
| Considered doubtful  |         | 10,700,625                | 9,795,537                 |
| Less: Suspension against doubtful investments  | 16.04.1 | <u>10,700,625</u>         | <u>9,795,537</u>          |
|  |         | <u><u>-</u></u>           | <u><u>-</u></u>           |
| <b>16.04.1 Suspension against doubtful investments</b>   |         |                           |                           |
| Opening balance  |         | 9,795,537                 | 8,241,270                 |
| Suspended during the year  |         | 905,088                   | 1,554,267                 |
| Closing balance  |         | <u>10,700,625</u>         | <u>9,795,537</u>          |
| <b>17 OTHER RECEIVABLES</b>  |         |                           |                           |
| Receivable from organization - considered doubtful   |         | 11,614,432                | 12,614,432                |
| Miscellaneous receivables from lessees:  |         |                           |                           |
| - Considered doubtful  | 17.01   | 386,108,526               | 387,824,090               |
| Other receivables:   |         |                           |                           |
| - Considered good  | 17.02   | 245,596,358               | 130,013,219               |
| - Considered doubtful  | 17.03   | 4,625,524                 | 4,724,364                 |
|  |         | <u>250,221,882</u>        | <u>134,737,583</u>        |
|  |         | <u>647,944,840</u>        | <u>535,176,105</u>        |
| Less: Provision for doubtful receivables   | 17.04   | <u>360,839,298</u>        | <u>361,377,367</u>        |
|  |         | <u><u>287,105,542</u></u> | <u><u>173,798,738</u></u> |

- 17.01** This represents insurance and other miscellaneous charges receivable from lessees, in respect of vehicles insured by the bank against assets leased to them.
- 17.02** This includes receivable from Logic Management Services (Private) Limited formerly (TCPL) amounting to Rs. 36.6 million (2016: Rs. 49.71 million). It also includes Rs. 6.96 million (2016: Rs. 6.96 million) receivable from Tricon Developers Limited. The receivable from subsidiary is overdue for more than one year.
- 17.03** This includes receivable from Trust Management (Private) Limited amounting to Rs. 3.92 million (2016: Rs. 3.92 million).

|   | Note | 2017<br>Rupees     | 2016<br>Rupees     |
|---|------|--------------------|--------------------|
| <b>17.04 Movement of provisions for doubtful receivable</b> |      |                    |                    |
| Opening balance   |      | 361,377,367        | 373,209,194        |
| Reversed during the year                                    |      | (538,069)          | (11,831,827)       |
| Closing balance as at 30 June                               |      | <u>360,839,298</u> | <u>361,377,367</u> |

**18 CASH AND BANK BALANCES**

|                     |       |                  |                   |
|---------------------|-------|------------------|-------------------|
| Cash in hand        |       | 404,207          | 459,174           |
| Cash with banks in: |       |                  |                   |
| - Current accounts  |       | 2,021,663        | 2,915,956         |
| - Deposit accounts  | 18.01 | 4,165,770        | 14,240,227        |
|                     |       | 6,187,433        | 17,156,183        |
|                     |       | <u>6,591,640</u> | <u>17,615,357</u> |

- 18.01** Deposit accounts carry mark-up rate ranging from 4% to 10% per annum (2016: 4% to 10%).

**19 ASSETS CLASSIFIED AS HELD FOR SALE**

|  |  |                    |                    |
|--|--|--------------------|--------------------|
| Land - Mohlanwal Lahore  |  | -                  | 150,000,000        |
| Ali Trade centre   |  | -                  | 9,000,000          |
| Land - Lahore Cantt  |  | 280,000,000        | -                  |
|  |  | <u>280,000,000</u> | <u>159,000,000</u> |
| <b>Liabilities directly associated with assets classified as held for sale</b> |  | <u>472,098,308</u> | <u>353,867,007</u> |

The Board of Directors of the Company in their meeting held on 30 June 2017 approved the settlement of liabilities against the assets classified as held for sale. The Company intends to dispose of this asset which will not be utilised in next 12 months. This asset includes a piece of land which amounting to Rs. 280 million were previously used in operations. Furthermore, the Company is currently in negotiation with some potential buyers. Moreover, no impairment loss was recognised on reclassification of these assets as held for sale as at 30 June 2017 as the management of the Company expect that fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount. During the year, a piece of land and shops amounting to Rs. 159 million have been reclassified from held for sale to property plant and equipment because these assets do not meet the criteria of IFRS 5 any more.

**20 SHARE CAPITAL**

**20.01 AUTHORIZED SHARE CAPITAL**

|  |  |                      |                      |
|--|--|----------------------|----------------------|
| 150,000,000 (2016: 150,000,000) ordinary shares of Rs. 10/- each |  | 1,500,000,000        | 1,500,000,000        |
| 70,000,000 (2016: Nil) preference shares of Rs. 10/- each        |  | 700,000,000          | -                    |
|  |  | <u>2,200,000,000</u> | <u>1,500,000,000</u> |

|   | Note    | 2017<br>Rupees                | 2016<br>Rupees                |
|---|---------|-------------------------------|-------------------------------|
| <b>20.02 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>   |         |                               |                               |
| 35,717,984 (2016: 35,717,984) ordinary shares of Rs. 10/- each fully paid in cash   | 20.03   | <b>201,429,840</b>            | 201,429,840                   |
| 15,075,000 ordinary shares of Rs. 10/- each issued against preference shares  |         | <b>306,500,000</b>            | 306,500,000                   |
| 38,409,889 (2016: 38,409,889) ordinary shares of Rs. 10/- each issued as bonus shares   |         | <b>384,098,889</b>            | 384,098,889                   |
| 30,682,239 ordinary shares of Rs. 10/- each issued against other than right   |         | <b>306,822,390</b>            | -                             |
| 18,513,102 ordinary shares of Rs. 10/- each issued against dividend payable on preference shares  |         | <b>185,131,020</b>            | -                             |
|   |         | <b><u>1,383,982,139</u></b>   | <b><u>892,028,729</u></b>     |
| <b>20.03</b> Mr. Zahid Rafiq and Genesis Securities (Private) Limited, related parties of the company held 5,702,405 (4.7566%) [2016: 5,702,405 (6.3926%)] and 12,209,742 (10.1845%) [2016: 12,209,742 (13.6876%)] ordinary shares of Rs. 10 each respectively, as at 30 June 2017. |         |                               |                               |
| <b>21 RESERVES</b>  |         |                               |                               |
| <b>Capital reserves</b>   |         |                               |                               |
| Statutory reserve   | 21.01   | <b>259,437,746</b>            | 248,055,489                   |
| Fair value loss on available for sale financial assets  |         | -                             | (8,710,969)                   |
|   |         | <b><u>259,437,746</u></b>     | <b><u>239,344,520</u></b>     |
| <b>Revenue reserves</b>   |         |                               |                               |
| General reserves  |         | <b>61,000,000</b>             | 61,000,000                    |
| Accumulated loss  |         | <b>(2,790,408,632)</b>        | (2,835,911,444)               |
|   |         | <b><u>(2,729,408,632)</u></b> | <b><u>(2,774,911,444)</u></b> |
|   |         | <b><u>(2,469,970,886)</u></b> | <b><u>(2,535,566,924)</u></b> |
| <b>21.01 Statutory Reserve</b>  |         |                               |                               |
| Opening balance as at 01 July   |         | <b>248,055,489</b>            | 243,620,723                   |
| Transfer from revenue reserves  |         | <b>11,382,257</b>             | 4,434,766                     |
| Closing balance as at 30 June   |         | <b><u>259,437,746</u></b>     | <b><u>248,055,489</u></b>     |
| 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.  |         |                               |                               |
| <b>22 LONG TERM FINANCING - SUBORDINATED LOAN</b>   |         |                               |                               |
| Long term financing - subordinated loan   | 22.01   | <b><u>129,238,590</u></b>     | <b><u>398,515,980</u></b>     |
| <b>22.01 Long term financing-Subordinated loan</b>  |         |                               |                               |
| Opening balance   |         | <b>398,515,980</b>            | 2,788,220,472                 |
| Obtained during the year  |         | <b>47,310,000</b>             | 202,500,000                   |
| Paid / adjusted during the year   |         | <b>(316,587,390)</b>          | (16,656,803)                  |
| Re-classification during the year   |         | -                             | (2,575,547,689)               |
| Closing balance   | 22.02   | <b><u>129,238,590</u></b>     | <b><u>398,515,980</u></b>     |
| <b>22.02 Particulars of subordinated loan</b>   |         |                               |                               |
| Loan from directors:  |         |                               |                               |
| - Mr. Asif Kamal  | 22.02.1 | <b>99,810,000</b>             | 302,500,000                   |
| - Mr. Mamoon ur Rasheed   | 22.02.2 | -                             | 66,587,388                    |
| - Mr. Asad Kazmi  | 22.02.3 | <b>29,428,590</b>             | 29,428,573                    |
|   |         | <b><u>129,238,590</u></b>     | <b><u>398,515,961</u></b>     |

- 22.02.1** During the year, equity has been injected in Trust Investment Bank Limited (TIBL) as subordinated loan in accordance with Rule 2(viii) clause (ii) sub clause (f) of SRO 1002(1)/2015 and TIBL issued share capital against this subordinated loan from a director.
- 22.02.2** During the year, TIBL issued share capital against subordinated loan from a director. Further, some liabilities have been adjusted against receivable from a director.
- 22.02.3** This represents subordinated loan acquired against land from Mr. Khizer Hayat for equity participation in favour of Mr. Asad Kazmi through equity participation agreement. As per the terms of the agreement TIBL will pay an amount of Rs. 50 million as an initial payment and balance in the form of issuance / transfer of shares of Trust Investment Bank Limited at par, subject to approval of SECP. Title of this property has been transferred in the name of the company through court order.

|   | Note   | 2017<br>Rupees       | 2016<br>Rupees       |
|---|--|----------------------|----------------------|
| <b>23 LOAN FROM RELATED PARTIES</b>                             |  |                      |                      |
| Loan from directors:  |  |                      |                      |
| - Mr. Asif Kamal  | 22.02.1  | 523,026,262          | 608,026,262          |
| - Mr. Asad Kazmi  | 22.02.3  | 1,967,521,427        | 1,967,521,427        |
|   |  | <u>2,490,547,689</u> | <u>2,575,547,689</u> |
| <b>23.01</b>  | These are interest free loans from directors of the company payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity as per TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan. |                      |                      |
| <b>23.02</b>  | Corresponding figures have also been reclassified in equity for better presentation.   |                      |                      |
| <b>24 LONG TERM FINANCING - OTHERS</b>                          |  |                      |                      |
| Banking companies and other financial institutions-Secured      | 24.01  | 20,952,780           | 25,527,780           |
| Banking companies and other financial institutions-Unsecured    | 24.02  | -                    | -                    |
| Term finance certificates (TFC)-Secured                         | 24.03  | -                    | -                    |
|   |  | <u>20,952,780</u>    | <u>25,527,780</u>    |
| <b>24.01 Banking companies and other financial institutions</b> |  |                      |                      |
| - Secured   |  |                      |                      |
| The Bank of Punjab  | 24.01.1  | 296,077,333          | 296,077,333          |
| Allied Bank Limited   | 24.01.2  | 70,000,005           | 70,000,005           |
| Pak Oman Investment Company (Private) Limited                   | 24.01.3  | 5,161,297            | 5,161,297            |
| The Bank of Khyber  | 24.01.4  | 23,202,780           | 27,777,780           |
| Standard Chartered Bank Limited                                 | 24.01.5  | 49,329,674           | 49,329,674           |
| Summit Bank Limited (Formerly Atlas Bank Limited)               | 24.01.6  | 81,640,625           | 81,640,625           |
| First Women Bank Limited  | 24.01.7  | 64,027,397           | 64,027,397           |
| CDC Trustee Askari Income Fund                                  | 24.01.8  | -                    | -                    |
| IGI Investment Bank Limited                                     | 24.01.9  | 67,500,000           | 67,500,000           |
| The Punjab Provincial Co-operative Bank Limited                 | 24.01.10   | 88,058,721           | 88,058,721           |
|   |  | <u>744,997,832</u>   | <u>749,572,832</u>   |
| Less: Current portion shown under current liabilities           | 32   | <u>724,045,052</u>   | <u>724,045,052</u>   |
|   |  | <u>20,952,780</u>    | <u>25,527,780</u>    |

- 24.01.1** This represents sale and lease back transaction with The Bank of Punjab of Rs. 133 million on 01 September 2003 which were restructured into two facilities of an aggregate amount of Rs. 301.08 million with effect from 08 October 2011. Facility of Rs. 279.75 million carried mark-up rate of 9.33% per annum. The loan was repayable in 12 quarterly instalments in three years commencing from 08 October 2011 to 30 September 2014. The other facility of Rs. 21.33 million was a non serviceable facility and was repayable in six quarterly instalments commencing from 30 June 2013 to 30 September 2014. These facilities are secured against exclusive charge on specific leased assets. The Bank of Punjab has filed a recovery suit against Trust Investment Bank Limited in March 2012, which was decreed on 04 November 2013 by Lahore High Court, Lahore (Judicial Department) for an amount of Rs. 315.47 million (The related principal amounting to Rs. 274.84 million along with mark-up amounting to Rs. 40.63 million) along with cost of fund. The company has filed an appeal before the Lahore High Court (Banking Jurisdiction) against the decision of Lahore High Court, Lahore (Judicial Department). The suit is presently under adjudication before Lahore High Court, Lahore. Therefore, all outstanding liabilities are taken into current liabilities.

- 24.01.2** This represents investment in Certificate of Investment (COI) by Allied Bank Limited of Rs. 200 million on 30 July 2007. As on 04 May 2010, the agreement was restructured and out of remaining outstanding balance of Rs. 175.85 million, Rs. 5.85 million was paid in cash, Rs. 120 million and Rs. 50 million were converted into term loan facility and preference shares respectively. These facilities are secured against receivables amounting to Rs. 175.85 million. This loan facility carried mark up at the rate of 1 month KIBOR and was repayable in 36 equal monthly instalments commencing from 04 June 2010 and expiring on 29 May 2013. The bank has filed a recovery suit against Trust Investment Bank Limited in August 2015 for an amount of Rs. 88.59 million (The related principal amounting to Rs. 70 million along with mark-up amounting to Rs. 18.59 million) along with cost of fund. The suit is presently under adjudication before Sindh High Court, Karachi. Therefore, all outstanding liabilities are taken into current liabilities.
- 24.01.3** This represents an amount borrowed of Rs. 100 million under inter bank transactions on October 2007. The agreement was finally restructured in term loan of Rs. 23 million on 15 December 2009. 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 commencing from 23 February 2009 till 04 December 2009 and 3 month KIBOR + 150 BPS till the end of this facility and was repayable in 31 monthly instalments commencing from 04 December 2009 and expiring on 23 June 2012. The Institution has filed a recovery suit against Trust Investment Bank Limited on 17 January 2015 for an amount of Rs. 5.34 million (The related principal amounting to Rs. 5.16 million along with mark-up amounting to Rs. 0.18 million) along with cost of fund. The suit is presently under adjudication before The Banking Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.
- 24.01.4** This represents facility of Rs. 150 million which Trust Investment bank Limited obtained in terms of Finance/Roll Over of Clean Placement Facility. The agreement was restructured for an amount of Rs. 137.5 million in 2010 secured against first charge on specified leased assets and related receivables. An amount of Rs. 75 million has been converted into preference shares in 2014 while the balance amount of Rs. 62.5 million has been converted into Term Finance facility which carries mark up @ 3 month KIBOR plus 300 BPS. This facility was repayable in thirty six equal monthly instalments starting from 01 January 2010 and expiring on 31 December 2012. During the year, an amount payable to Bank of Khyber has been rescheduled. According to this reschedule agreement, principal will be payable in 20 quarterly instalments starting from 31 December 2016 to 30 September 2021 with the down payment of Rs. 3.075 million.
- 24.01.5** 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 was repayable in twelve equal quarterly instalments starting from 31 May 2008 and expired on 28 February 2011. Standard Chartered Bank Limited has filed a recovery suit against Trust Investment Bank Limited in February 2014 in Lahore High Court, Lahore for an amount of Rs. 56.33 million (The related principal amounting to Rs. 49.33 million along with mark-up amounting to Rs. 7 million) along with cost of fund. The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.
- 24.01.6** This represents two facilities of Rs. 100 million each to meet increased requirement of funds for leasing operations which were rescheduled on 07 January 2010. These carry mark-up @ 3 month KIBOR + 185 BPS per annum with floor of 13.50%. These facilities are secured against first charge on specific/exclusive leased assets and related receivables with 25% margin. These facilities were repayable in sixteen equal quarterly instalments. Outstanding principal of Rs. 68.75 million of Term Finance I was repayable starting from 01 February 2010 and expired on 1 November 2013. While outstanding principal of Rs. 68.75 million of Term Finance II was repayable from 1 March 2010 and expiring on 1 December 2013. Summit Bank Limited (formerly known as Atlas Bank Limited) has filed a recovery suit against Trust Investment Bank Limited in October 2012 in Lahore High Court, Lahore for an amount of Rs. 95.93 million (The related principal amounting to Rs. 81.64 million along with mark-up amounting to Rs. 14.28 million) along with cost of fund. The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.
- 24.01.7** This represents facility which Trust Investment bank Limited obtained in terms of Treasury Deal to the tune of Rs. 100 million which was subsequently converted into Term Finance Facility. The bank negotiated with the company for settlement in July 2015, as a result of which existing liability has been agreed at an amount of Rs. 64.03 million along with cost of funds. The company will pay an amount of Rs. 6.402 million, 10% of the total existing payable amount as upfront and balance amount of Rs. 57.625 will be paid in 36 equal monthly instalments commencing from 01 July 2015 to 30 June 2017 at mark-up @ 6 months KIBOR +2.50% p.a. These are secured through collateral security in shape of mortgage of property in favour of the bank. However, during current financial period, the company has not repaid any amount to the bank. As at balance sheet date, the total outstanding balance amount is overdue, therefore, all outstanding liabilities are taken into current liabilities.
- 24.01.8** This represents facility which Trust Investment bank Limited obtained in terms of finance facility of Rs. 200 million on 30 May 2009. This represents facility of Rs. 194 million rescheduled on 23 January 2010. This facility is secured against exclusive charge and carries markup @ 1 month KIBOR per annum. This facility was repayable in immediate payment of Rs. 8 million and 23 monthly instalments commencing from 31 January 2010 and expired on 01 February 2013. As at balance sheet date, the total outstanding balance amount is overdue, therefore, all outstanding liabilities are taken into current liabilities.

**24.01.9** This represents facility of Rs. 100 million which Trust Investment bank Limited obtained on 23 September 2008 in terms of Money Market Finance Facility. The agreement was restructured on 18 February 2010 for an amount of Rs. 80 million. This facility is secured against ranking charge on current assets equivalent to Rs. 115 million with 30% margin. The facility carried mark-up rate of one month KIBOR per annum. This facility was repayable in 59 monthly instalments commencing from April 2010 till February 2015. IGI Investment Bank Limited has filed a recovery suit against Trust Investment Bank Limited on 31 December 2012, which has been decreed on 12 December 2014 by Lahore High Court, Lahore (Judicial Department) for an amount of Rs. 73 million (The related principal amounting to Rs. 67.5 million along with mark-up amounting to Rs. 5.19 million) along with cost of fund. The company has filed an appeal before the Lahore High Court (Banking Jurisdiction) against the decision of Lahore High Court, Lahore (Judicial Department) on 26 February 2015. The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.

**24.01.10** This represents facility of Rs. 284.30 million obtained on 16 September 2010 in term of sale and lease back transaction. This facility is secured against exclusive first charge against leased assets and related receivables. The facility carried mark-up rate of 1 month KIBOR + 200 BPS per annum. This facility is repayable in 29 instalments commencing from 16 September 2010 and expired on 15 February 2013. Loan amounting to Rs. 140 million has been swapped with term loan due from Vital enterprises. The Punjab Provincial Co-operative Bank Limited (PPCBL) has filed a recovery suit against Trust Investment Bank Limited on 08 August 2015 in Lahore High Court, Lahore for an amount of Rs. 106.07 million (The related principal amounting to Rs. 88.05 million along with mark-up amounting to Rs. 18.02 million). The suit is presently under adjudication before Lahore High Court, Lahore. Therefore all outstanding liabilities are taken into current liabilities.

At the reporting date, principal amounting to Rs. 744.99 million was overdue including an amount of Rs. 657.76 million which is under litigation with different banks.

|   | Note    | 2017<br>Rupees    | 2016<br>Rupees    |
|---|---------|-------------------|-------------------|
| <b>24.02 Banking companies and other financial institutions</b> |         |                   |                   |
| Dawood Money Market Fund  | 24.02.1 | 7,842,873         | 7,842,873         |
| House Building Finance Corporation                              | 24.02.2 | 5,909,086         | 5,909,086         |
|   |         | <u>13,751,959</u> | <u>13,751,959</u> |
| Less: Current portion shown under current liabilities           | 32      | <u>13,751,959</u> | <u>13,751,959</u> |
|   |         | <u>-</u>          | <u>-</u>          |

**24.02.1** This represents facility of Rs. 37.8 million rescheduled. This facility is unsecured and carried mark-up @1 month KIBOR per annum. This facility was repayable in 24 monthly instalments starting from 25 January 2010 and expired on 07 January 2012. As at balance sheet date, the total outstanding balance amount is overdue, therefore, all outstanding liabilities are taken into current liabilities.

**24.02.2** This represents facility of Rs. 75 million which Trust Investment Bank obtained in September 2008. The outstanding amount of Rs. 35.5 million was rescheduled in February 2010. This facility carried mark-up @ 3 month KIBOR + 200 BPS per annum at the start of each month. This facility was repayable in 23 monthly instalments commencing from 15 March 2010 and expired on 15 January 2012. House Building Finance Company Limited has filed a recovery suit against Trust Investment Bank Limited on 04 March 2013 in Banking Court, Karachi for an amount of Rs. 6.59 million (The related principal amounting to Rs. 5.91 million along with mark-up amounting to Rs. 0.68 million) along with cost of fund which has been decreed on 12 October 2015 by Sindh High Court, Karachi. The company has filed an appeal before the Sindh High Court against the decision of Sindh High Court, Karachi on 04 November 2015. The suit is presently under adjudication before Sindh High Court, Karachi. Therefore all outstanding liabilities are taken into current liabilities.

**24.02.3** At the reporting date, total principal amount of Rs. 13.75 million was overdue.

**24.02.4** Direct confirmations from financial institutions aggregating to Rs. 7.84 million of loan balances and interest outstanding remained unconfirm.

**24.03 Term finance certificates (TFC)- Secured**

|   |         |                    |                    |
|---|---------|--------------------|--------------------|
| TFC III   | 24.03.1 | 171,449,518        | 190,192,018        |
| Less: Unamortized portion of the initial transaction cost |         | <u>-</u>           | <u>-</u>           |
|   |         | <u>171,449,518</u> | <u>190,192,018</u> |
| Less: Current portion shown under current liabilities     | 32      | <u>171,449,518</u> | <u>190,192,018</u> |
|   |         | <u>-</u>           | <u>-</u>           |

**24.03.1** 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 amounting to Rs. 600 million out 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 instalments and the remaining principal in eight semi-annual instalments 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 terms of TFC's.

**24.03.2** At the reporting date, total principal amount of Rs. 171.44 million was overdue.

|   | Note  | 2017<br>Rupees | 2016<br>Rupees |
|---|-------|----------------|----------------|
| <b>25</b>   |       |                |                |
| <b>LONG TERM MORABAHA</b>                             |       |                |                |
| Long term morabaha                                    | 25.01 | 15,500,000     | 15,500,000     |
| Less: Current portion shown under current liabilities | 32    | 15,500,000     | 15,500,000     |
|   |       | <u>-</u>       | <u>-</u>       |

**25.01** This represents facility of Rs. 100 million in 24 March 2007. The outstanding amount of Rs. 20.5 million was converted into long term Bi Muajjal on 25 May 2011 and profit thereon amounting to Rs. 5,008,602/- be distributed over the period of its agreement. This facility was repayable in twenty one instalments starting from 25 May 2011 and expired on 25 February 2013.

At the reporting date, total principal amount of Rs. 15.50 million was overdue.

**26** **LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

|   |                |                  |
|---|----------------|------------------|
| Present value of minimum lease payments | 1,231,577      | 1,766,575        |
| Less: Current portion                   | 627,162        | 535,000          |
|   | <u>604,415</u> | <u>1,231,575</u> |

**26.01** These represent vehicles acquired under finance lease arrangements. The principal plus financial charges are payable over the lease period in 36 monthly instalments as per respective agreements ending in the month of April 2019. The liability as at balance sheet date represents the present value of total minimum lease payments discounted at 16% per annum being the interest rates implicit in leases. The purchase option is available to the Company on payment of last instalment and surrender of deposit at the end of lease period and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

The amount of future payments and the years in which these will become due are:

|   |                  |                  |
|---|------------------|------------------|
| Not later than one year                             | 779,544          | 779,544          |
| Later than one year but not later than five years   | 649,920          | 1,429,129        |
| Later than five years                               | -                | -                |
|   | <u>1,429,464</u> | <u>2,208,673</u> |
| Less: Financial charges allocated to future periods | 197,887          | 442,098          |
| Present value of minimum lease payments             | 1,231,577        | 1,766,575        |
| Less: Current portion                               | 627,162          | 535,000          |
|   | <u>604,415</u>   | <u>1,231,575</u> |

|   | Note  | 2017<br>Rupees     | 2016<br>Rupees     |
|---|-------|--------------------|--------------------|
| <b>26.02</b>  |       |                    |                    |
| Present value of minimum lease payments   |       |                    |                    |
| Due not later than one year   |       | 627,162            | 535,000            |
| Due later than one year but not later than five years   |       | 604,415            | 1,231,575          |
| Later than five years   |       | -                  | -                  |
|   |       | <u>1,231,577</u>   | <u>1,766,575</u>   |
| <b>27</b>   |       |                    |                    |
| <b>LONG TERM CERTIFICATES OF INVESTMENT</b>   |       |                    |                    |
| <b>Corporate</b>  |       |                    |                    |
| - Secured   |       | 22,371,263         | 22,371,263         |
| - Unsecured   |       | 230,245,994        | 229,462,389        |
|   | 27.01 | <u>252,617,257</u> | <u>251,833,652</u> |
| Less: Current portion shown under current liabilities   | 32    | <u>31,554,868</u>  | <u>24,771,263</u>  |
|   |       | <u>221,062,389</u> | <u>227,062,389</u> |
| <b>27.01</b>  |       |                    |                    |
| 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 1 year to 5 years and carries profit ranging from 13% to 15% (2016: 13% to 15%) per annum.  |       |                    |                    |
| At the reporting date, principal amount of Rs. 182.87 million was overdue.  |       |                    |                    |
| <b>28</b>   |       |                    |                    |
| <b>DEFERRED LIABILITIES</b>   |       |                    |                    |
| Gratuity  | 28.01 | 7,012,782          | 5,688,183          |
| Leave encashment  | 28.01 | 1,040,488          | 1,087,517          |
|   |       | <u>8,053,270</u>   | <u>6,775,700</u>   |
| -   |       |                    |                    |
| Gratuity scheme is unfunded 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   |                  |                  |
|--|----------|------------------|--------------------|------------------|------------------|
|  | 2017     | 2016             | 2017               | 2016             |                  |
| -----Rupees-----   |          |                  |                    |                  |                  |
| <b>28.01 Amount recognized in the balance sheet</b>                            |          |                  |                    |                  |                  |
| Present value of defined benefit obligations                                   | 28.01.1  | 7,012,782        | 5,688,183          | 1,087,517        | 1,087,517        |
| Less: Fair value of plan assets  | 28.01.2  | -                | -                  | -                | -                |
| Add: Benefits due but not paid   |          | -                | -                  | -                | -                |
|  |          | <u>7,012,782</u> | <u>5,688,183</u>   | <u>1,087,517</u> | <u>1,087,517</u> |
| <b>28.01.1 Movement in the defined benefit obligation:</b>                     |          |                  |                    |                  |                  |
| Present value of defined benefit obligation                                    |          |                  |                    |                  |                  |
| at beginning of the year   |          | 5,688,183        | 6,292,651          | 1,087,517        | 1,179,036        |
| Current service cost for the year  |          | 1,920,988        | 2,088,063          | -                | -                |
| Interest cost for the year   |          | 376,187          | 506,451            | -                | -                |
| Benefits paid / discharged during the year                                     |          | (998,791)        | (2,196,556)        | -                | (91,519)         |
| Experience adjustments   |          | 26,215           | (1,002,426)        | -                | -                |
|  |          | <u>7,012,782</u> | <u>5,688,183</u>   | <u>1,087,517</u> | <u>1,087,517</u> |
| <b>28.01.2 Movement in the fair value of plan assets:</b>                      |          |                  |                    |                  |                  |
| Fair value of plan assets  |          | -                | -                  | -                | -                |
| Total contributions made in the year   |          | -                | -                  | -                | -                |
| Expected return on plan assets for the year                                    |          | -                | -                  | -                | -                |
| Benefits paid / discharged during the year                                     |          | -                | -                  | -                | -                |
| Return on plan assets, excluding interest income                               |          | -                | -                  | -                | -                |
|  |          | <u>-</u>         | <u>-</u>           | <u>-</u>         | <u>-</u>         |
| <b>28.03 Staff service cost expense charged in the profit and loss account</b> |          |                  |                    |                  |                  |
| Current service cost   |          | 1,920,988        | 2,088,063          | -                | -                |
| Interest cost  |          | 376,187          | 506,451            | -                | -                |
|  |          | <u>2,297,175</u> | <u>2,594,514</u>   | <u>-</u>         | <u>-</u>         |
| <b>28.04 Staff service cost expense charged in other comprehensive income</b>  |          |                  |                    |                  |                  |
| Remeasurement of plan obligation   |          |                  |                    |                  |                  |
| Experience adjustments   |          | 26,215           | (1,002,426)        | -                | -                |
|  |          | <u>26,215</u>    | <u>(1,002,426)</u> | <u>-</u>         | <u>-</u>         |
| Interest income on plan assets   |          | -                | -                  | -                | -                |
|  |          | <u>26,215</u>    | <u>(1,002,426)</u> | <u>-</u>         | <u>-</u>         |

**Sensitivity analysis for actuarial assumptions**

The calculation of defined benefit obligation is sensitive to assumptions set-out in note 6.15. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions.

|                             | Change in assumptions | Increase Rupees | Decrease Rupees |
|-----------------------------|-----------------------|-----------------|-----------------|
| Discount rate               | 1%                    | 6,568,561       | 7,547,098       |
| Increase in future salaries | 1%                    | 7,554,928       | 6,553,990       |

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

#### Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

**Interest risk:** The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

**Longevity risk:** The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

**Salary risk:** The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

|   | Note  | 2017<br>Rupees           | 2016<br>Rupees |
|---|---|--------------------------|----------------|
| <b>29 LONG TERM DEPOSITS</b>                          |   |                          |                |
| Margin against letters of guarantee                   |   | 164,106,118              | 155,270,005    |
| Less: Current portion shown under current liabilities | 32  | 75,638,471               | 151,685,952    |
|   |   | 88,467,647               | 3,584,053      |
| Deposits against lease arrangements                   | 29.01   | 273,407,961              | 273,407,961    |
| Less: Current portion shown under current liabilities | 32  | 273,407,961              | 273,407,961    |
|   |   | -                        | -              |
|   |   | 88,467,647               | 3,584,053      |
| <b>29.01</b>  | These represent interest free security deposits (lease key money) received on lease contracts and are adjustable at the expiry of their respective lease periods.   |                          |                |
| <b>30 SHORT TERM BORROWINGS</b>                       |   |                          |                |
|   |   | <b>Limit Sanctioned</b>  |                |
| Banking companies- secured                            |   | <b>Rupees in million</b> |                |
| Habib Bank Limited                                    |   |                          |                |
| - Running finance                                     | 40.00   | 30.01                    | 39,413,532     |
|   |   |                          | 39,413,532     |
| <b>30.01</b>  | This carry mark-up @ 3 month KIBOR + 300 BPS with a floor ranging from 4.5% to 10% per annum (2016: 3 months KIBOR + 300 BPS with a floor ranging from 4.5% to 10%) payable on quarterly basis respectively. It is secured against promissory notes, first charge on specific leased assets, related receivables. The above limit has been expired in 2013 and total amount is overdue to the bank. |                          |                |
| <b>31 SHORT TERM CERTIFICATES OF INVESTMENT</b>       |   |                          |                |
| - Financial institutions                              |   | 2,350,006                | 10,350,006     |
| - Corporate   |   | 463,620,513              | 545,578,933    |
| - Individuals   |   | -                        | 1,983,605      |
|   |   | 465,970,519              | 557,912,544    |
| <b>31.01</b>  | These represent unsecured short term certificates of investment for a period of one month to one year. These carry mark-up rate ranging from 11.5% to 13.75% (2016: 11% to 16%) per annum.  |                          |                |
| <b>31.02</b>  | The balance includes an amount of Rs. 425.99 million which is in litigation and is pending in different Courts of Law as explained in contingencies.  |                          |                |

|   | Note  | 2017<br>Rupees       | 2016<br>Rupees           |
|---|---|----------------------|--------------------------|
| <b>32</b>   |   |                      |                          |
| <b>CURRENT MATURITIES OF NON CURRENT LIABILITIES</b>                  |   |                      |                          |
| Long term financing from banking companies and financial Institutions |   |                      |                          |
| Long term financing- Secured  | 24.01   | 724,045,052          | 724,045,052              |
| Long term financing- Unsecured  | 24.02   | 13,751,959           | 13,751,959               |
| Term finance certificates - secured                                   | 24.03   | 171,449,518          | 190,192,018              |
| Liabilities against assets subject to finance lease                   | 26  | 627,162              | 535,000                  |
| Long term morabaha  | 25  | 15,500,000           | 15,500,000               |
| Certificates of investment  | 27  | 31,554,868           | 24,771,263               |
| Long term deposits  | 29  | 349,046,432          | 425,093,913              |
|   |   | <u>1,305,974,991</u> | <u>1,393,889,205</u>     |
| <b>33</b>   |   |                      |                          |
| <b>MARK-UP ACCRUED</b>  |   |                      |                          |
| Secured   |   |                      |                          |
| - Short and long term financing                                       | 33.01   | 67,490,905           | 79,283,618               |
| - Term finance certificates   |   | 12,833,632           | 12,787,227               |
| - Liabilities against assets subject to finance lease                 |   | -                    | -                        |
|   |   | <u>80,324,537</u>    | <u>92,070,845</u>        |
| Unsecured   |   |                      |                          |
| - Certificates of investment  | 33.02   | 87,945,536           | 82,325,111               |
|   |   | <u>168,270,073</u>   | <u>174,395,956</u>       |
| <b>33.01</b>  | It includes Rs. Nil (2016: 1.99 million) payable to Logic Management Services (Private) Limited (formerly TCPL) a subsidiary company.   |                      |                          |
| <b>33.02</b>  | At the reporting date, out of total amount, mark up amounting to Rs. 67.93 million is overdue.  |                      |                          |
| <b>34</b>   |   |                      |                          |
| <b>TRADE AND OTHER PAYABLES</b>                                       |   |                      |                          |
| Unclaimed dividend  |   | 3,092,624            | 3,092,624                |
| Preference dividend payable   |   | -                    | 131,646,245              |
| Accrued liabilities   |   | 18,355,608           | 15,797,147               |
| Other liabilities   |   | 50,046,429           | 90,649,246               |
|   |   | <u>71,494,661</u>    | <u>241,185,262</u>       |
| <b>35</b>   |   |                      |                          |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                  |   |                      |                          |
| <b>35.01</b>  |   |                      |                          |
| <b>Contingencies</b>  |   |                      |                          |
| <b>35.01.1</b>  | The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 566.93 million (2016: Rs. 585.34 million).   |                      |                          |
| <b>35.01.2</b>  | The Company has filed recovery suits amounting to Rs. 1,493.64 million (2016: Rs. 1,431.64 million). Prima facie the Bank has good arguable cases, the financial impact of the same has been accounted for in these financial statements. |                      |                          |
| <b>35.01.3</b>  | Following litigations are pending against Trust Bank in different Court of Law:   |                      |                          |
|   |   |                      | <b>Rupees in million</b> |
| <b>Financial Institutions:</b>  |   |                      |                          |
| (a) The Bank of Punjab  | 24.01.1   |                      | 315.47                   |
| (b) Pak Oman Investment Company (Private) Limited                     | 24.01.3   |                      | 5.34                     |
| (c) Standard Chartered Bank Limited                                   | 24.01.5   |                      | 56.33                    |
| (d) Summit Bank Limited   | 24.01.6   |                      | 95.93                    |
| (e) IGI Investment Bank Limited                                       | 24.01.9   |                      | 73.00                    |
| (f) The Punjab Provincial Co-operative Bank Limited                   | 24.01.10  |                      | 106.07                   |
| (g) House Building Finance Company                                    | 24.02.2   |                      | 6.58                     |
|   |   |                      | <u>658.72</u>            |
| Balance carried forward   |   |                      | <u>658.72</u>            |

Rupees in million

|                         |        |
|-------------------------|--------|
| Balance brought forward | 658.72 |
|-------------------------|--------|

**Certificates of Investment:**

|   |          |
|---|----------|
| (h) Privatization Commission of Pakistan              | 396.55   |
| (i) Levi's Strauss Pakistan (Private) Limited         | 100.00   |
| (j) Shifa Co-operative Housing Society                | 10.00    |
| (k) Shifa International Hospital                      | 5.00     |
| (l) Lyari Development Authority                       | 168.78   |
| (m) National Transmission and Dispatch Company        | 118.79   |
| (n) Trading Corporation of Pakistan (Private) Limited | 95.10    |
| (o) Alfalah Insurance                                 | 3.20     |
|   | 897.42   |
|   | 1,556.14 |

- (h) Privatization Commission of Pakistan (PCP) filed a suit in the Honourable Islamabad High Court, Islamabad on 31 December 2013 for the recovery of Rs. 396.55 million (the related principal amounting to Rs. 334.78 million along with mark-up amounting to Rs. 61.76 million) along with cost of fund. Originally, the PCP invested Rs. 500 million in short term Certificate of Deposit in May and June 2010. The Privatization Commission of Pakistan launched an FIR with the Federal Investigation Agency (FIA). Subsequently, Honourable Supreme Court took Suo Motu notice of the matter and directed the FIA and NAB to investigate the matter. During the year, the matter was settled with Privatization Commission of Pakistan under Voluntary Return (VR) for an amount of Rs. 404.81 million. At the reporting date, an amount of Rs. 364 million has been paid and for remaining amount of Rs. 40.81 million properties have been offered which is under the process of due diligence and the offered properties are in process of sale.
- (i) Levi's Strauss Pakistan (Private) Limited (Investor) filed a suit in the Civil Court, Lahore on 11 October 2012 for the recovery of Rs. 100 million invested in short term Certificate of Deposit in January 2010. The case has been adjudicated on the basis that the case fall under the jurisdiction of Banking Court instead of Civil Court. However, Levi's Strauss filed an appeal in Lahore High Court, Lahore. Since the case is pending in Honourable Lahore High Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.
- (j) Shifa Co- operative Housing Society (Investor) filed a suit in Civil Court, Islamabad on 16 May 2013 for the recovery of Rs. 10 million invested in short term Certificate of Deposit which has been decreed in favour of Shifa Co- operative Housing Society on 04 July 2014. However, company has filed an appeal in Islamabad High Court, Islamabad. Since the case is pending in Honourable Islamabad High Court, Islamabad, therefore, the ultimate outcome cannot be established at this stage.
- (k) Shifa International Hospital (Investor) filed a suit in Civil Court, Islamabad on 26 April 2012 for the recovery of Rs. 5 million invested in short term Certificate of Deposit which has been decreed in favour of Shifa International Hospital on 05 November 2014. However, company has filed an appeal in Islamabad High Court, Islamabad. Since the case is pending in Honourable Islamabad High Court, Islamabad, therefore, the ultimate outcome cannot be established at this stage.
- (l) Lyari Development Authority (LDA) (Investor) filed a suit in Sindh High Court, Karachi on 11 September 2013 for the recovery of Rs. 168.78 million (Rs. 150 million principal amount and Rs. 18.78 million mark-up amount) along with cost of fund, invested in short term Certificate of Deposit. According to settlement made on 07 February 2013, the management secured the outstanding claim amount against the property valuing Rs. 70 million located at 6th floor, M. M. Tower, 28- A/K, Gulberg II, Lahore, Rs 30 million through post dated cheques and the balance amount of Rs. 56 million in 12 equal monthly instalments. TIBL has sold the secured property to third party in 2015. Currently the case is pending in Honourable Sindh High Court, Karachi, therefore, the ultimate outcome cannot be established at this stage.
- (m) National Transmission and Dispatch Company Limited (Investor) filed a suit in Session Court, Lahore on 08 November 2013 for the recovery of Rs. 118.79 million (the related principal amounting to Rs. 100 million along with mark-up amounting to Rs. 18.79 million) along with cost of fund, invested in short term Certificate of Deposit at the rate of 20% interest. Since the case is pending in session Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.
- (n) Trading Corporation of Pakistan (Private) Limited (Investor) filed a suit in Sindh High Court, Karachi on 18 July 2011 for the recovery of Rs. 95.71 million invested in short term Certificate of Deposit. However, Since the case is pending in Lahore High Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.
- (o) Alfalah Insurance company Limited (Investor) filed a suit in Banking Court, Lahore on 18 March 2015 for the recovery of Rs. 3.27 million including profit and damages. The amount of Rs. 2 million was invested in short term Certificate of Deposit in June 2012. Since the case is pending in Banking Court, Lahore, therefore, the ultimate outcome cannot be established at this stage.

In respect of liabilities towards banks/financial institutions and different investors disclosed above, banks/financial institutions and some investors have filed suits in different Honourable Courts of Lahore, Islamabad and Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The management is strongly contesting the cases. The management is hopeful that the decision will be in favour of the company and the suits shall be rejected

by the concerned courts. Since all the cases are pending before Honourable Courts therefore, the ultimate outcome cannot be established at this stage. Since the banks/financial institutions/investors/other parties are in litigation with the company, therefore balance confirmations have not been received therefrom.

**35.01.4** The company has not provided for mark-up of Rs. 456.51 million in preceding year and Rs. 80.50 million during the year on financing from banking companies and 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. According to legal advisor of the company, The cost of fund after filling of recovery suits by different parties till the settlement date is expected to be waived off.

**35.02 Commitments**

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

|   | Note   | 2017<br>Rupees    | 2016<br>Rupees    |
|---|--------|-------------------|-------------------|
| <b>36 INCOME FROM LEASE OPERATIONS</b>          |        |                   |                   |
| Finance lease income                            |        | 6,694,399         | 39,500,306        |
| Commitment and other fees                       |        | -                 | 28,200            |
| Additional mark up on overdue lease rentals     |        | -                 | 989,854           |
|   |        | <u>6,694,399</u>  | <u>40,518,360</u> |
| <b>37 INCOME FROM INVESTMENTS</b>               |        |                   |                   |
| Profit on short term investments                |        | 594,185           | 258,561           |
|   |        | <u>594,185</u>    | <u>258,561</u>    |
| <b>38 INCOME FROM TERM LOANS</b>                |        |                   |                   |
| Mark- up earned on long term loans:             |        |                   |                   |
| Employees                                       |        | -                 | -                 |
| Customers                                       |        | -                 | 5,278,402         |
|   |        | -                 | 5,278,402         |
| Mark- up earned on long term loans:             |        |                   |                   |
| Customers                                       |        | 24,116,845        | 13,097,428        |
|   |        | <u>24,116,845</u> | <u>18,375,830</u> |
| <b>39 FINANCE COST</b>                          |        |                   |                   |
| Mark-up on certificates of investment           |        | -                 | 674,806           |
| Mark up on finance lease liabilities            |        | 523,047           | 24,099            |
| Bank charges and commission                     |        | 45,797            | 1,978,115         |
|   |        | <u>568,844</u>    | <u>2,677,020</u>  |
| <b>40 ADMINISTRATIVE AND OPERATING EXPENSES</b> |        |                   |                   |
| Directors' remuneration                         |        | 11,400,000        | 11,700,000        |
| Salaries and other benefits                     | 40.01  | 23,848,055        | 22,383,764        |
| Printing and stationery                         |        | 1,213,561         | 1,039,332         |
| Vehicle running and maintenance                 |        | 214,407           | 325,098           |
| Postage, telephone and telex                    |        | 433,158           | 487,249           |
| Travelling and conveyance                       |        | 1,170,990         | 1,408,204         |
| Boarding and lodging                            |        | 609,136           | 320,520           |
| Entertainment                                   |        | 956,793           | 919,125           |
| Advertisement                                   |        | 215,750           | 211,240           |
| Electricity, gas and water                      |        | 1,765,357         | 1,787,437         |
| Newspapers and periodicals                      |        | 13,934            | 13,413            |
| Auditors' remuneration                          | 40.02  | 1,720,000         | 1,720,000         |
| Fee and subscription                            |        | 3,239,051         | 1,555,638         |
| Rent, rates and taxes                           |        | 8,983,110         | 8,478,628         |
| Insurance                                       |        | 425,956           | 447,720           |
| Office maintenance                              |        | 2,039,390         | 2,977,230         |
| Legal and professional charges                  |        | 21,142,093        | 9,008,451         |
| Staff training                                  |        | -                 | 300,000           |
| Depreciation                                    | 7.01.1 | 3,410,354         | 2,800,469         |
| Amortization                                    | 8.01.1 | 84,087            | 93,430            |
| Miscellaneous                                   |        | 6,916,776         | 8,870,871         |
|   |        | <u>89,801,958</u> | <u>76,847,819</u> |

**40.01** It includes provision for gratuity amounting to Rs. 2.297 million (2016: Rs. 2.594 million).

|  | Note  | 2017<br>Rupees       | 2016<br>Rupees       |
|--|-------|----------------------|----------------------|
| <b>40.02 Auditors' remuneration</b>  |       |                      |                      |
| Audit fee:   |       |                      |                      |
| Annual   |       | 1,020,000            | 1,020,000            |
| Half yearly review   |       | 350,000              | 350,000              |
| Out of pocket expenses   |       | 350,000              | 350,000              |
|  |       | <u>1,720,000</u>     | <u>1,720,000</u>     |
| <b>41 OTHER INCOME</b>   |       |                      |                      |
| Profit on bank deposits  |       | -                    | 286,099              |
| Profit on settlement   |       | 114,587,632          | 23,041,567           |
| Gain on disposal of property, plant and equipment  |       | 78,829               | -                    |
| Dividend income  |       | 253,450              | 380,230              |
|  |       | <u>114,919,911</u>   | <u>23,707,896</u>    |
| <b>42 OTHER OPERATING EXPENSES</b>   |       |                      |                      |
| Lease receivables written off  |       | 14,404,407           | 6,396,619            |
| Loss on sale of investment available for sale  |       | 8,710,969            | 8,642,579            |
| Loss on disposal of property, plant and equipment  |       | -                    | 2,185,051            |
|  |       | <u>23,115,376</u>    | <u>17,224,249</u>    |
| <b>43 PROVISION REVERSED AGAINST LEASE AND TERM LOAN</b>   |       |                      |                      |
| Provision reversed for potential lease losses  |       | -                    | (2,701,347)          |
| Provision reversed for loans and advances  |       | -                    | (4,802,258)          |
| Provision reversed for other receivables   |       | (538,069)            | (11,831,827)         |
| Provision charged for short term loan  |       | 52,000               | -                    |
|  |       | <u>(486,069)</u>     | <u>(19,335,432)</u>  |
| <b>44 IMPAIRMENT CHARGED IN THE VALUE OF INVESTMENTS</b>   |       |                      |                      |
| Provision charged for short term investments   |       | -                    | 1,000,000            |
| <b>45 TAXATION</b>   |       |                      |                      |
| Taxation   |       |                      |                      |
| - Current year   | 45.01 | 1,716,277            | 678,732              |
| - Prior years  |       | -                    | (484,887)            |
| Deferred taxation  |       |                      |                      |
| - Current year   | 45.02 | -                    | -                    |
|  |       | <u>1,716,277</u>     | <u>193,845</u>       |
| <b>45.01</b>   |       |                      |                      |
| Income tax return has been filed to the income tax authorities up to and including tax year 2016 under the provisions of the Income Tax Ordinance, 2001.   |       |                      |                      |
| Numerical reconciliation between tax expenses and the accounting profit has not been presented as the provision for income taxation has been made under section 113 of the Income Tax Ordinance, 2001. |       |                      |                      |
| <b>45.02 Deferred taxation</b>   |       |                      |                      |
| Deferred taxation comprises of the following:  |       |                      |                      |
| Deferred tax liability on taxable temporary differences in respect of the following:   |       |                      |                      |
| - Accelerated tax depreciation allowance   |       | <u>2,772,254</u>     | 205,344              |
|  |       | 2,772,254            | 205,344              |
| Deferred tax asset on deductible temporary differences in respect of the following:  |       |                      |                      |
| - Provision for investment in lease finance  |       | (106,861,148)        | (120,594,417)        |
| - Provision for long term finances   |       | (118,015,968)        | (121,949,833)        |
| - Provision for long term investments  |       | -                    | (8,900,400)          |
| - Provision for short term finances  |       | (85,800)             | (72,540)             |
| - Provision for doubtful receivables   |       | (108,251,789)        | (112,026,984)        |
| - Provision for staff retirement benefits  |       | (2,103,835)          | (1,763,337)          |
| - Provision for leave encashment   |       | (312,146)            | (337,130)            |
| - Minimum tax  |       | (1,146,429)          | (1,780,658)          |
| - Unabsorbed depreciation and business losses  |       | (517,881,738)        | (535,836,260)        |
|  |       | <u>(854,658,853)</u> | <u>(903,261,560)</u> |
| Deferred tax liability/(asset)   |       | (851,886,599)        | (903,056,216)        |
| Deferred tax asset not recognised  |       | 851,886,599          | 903,056,216          |
|  |       | <u>-</u>             | <u>-</u>             |

Deferred tax asset amounting to Rs. 851.89 million (2016: 903.05) is not recognised for all deductible temporary differences and carry forward of unused tax losses due to uncertainty regarding non availability of taxable profits in foreseeable future against which such temporary differences and tax losses can be utilised.

|  | Note           | 2017<br>Rupees | 2016<br>Rupees |
|--|----------------|----------------|----------------|
| <b>46 EARNINGS PER SHARE</b>               |                |                |                |
| <b>46.01 Earnings per share - basic</b>    |                |                |                |
| Net profit for the year                    | <i>Rupees</i>  | 56,911,284     | 20,279,723     |
| Weighted average number of ordinary shares | <i>Numbers</i> | 94,582,272     | 89,202,873     |
| Earnings per share - basic                 | <i>Rupees</i>  | 0.60           | 0.23           |
| <b>46.02 Earnings per share - diluted</b>  |                |                |                |
| Net profit for the year                    | <i>Rupees</i>  | 56,911,284     | 20,279,723     |
| Weighted average number of ordinary shares | <i>Numbers</i> | 94,582,272     | 89,202,873     |
| Earnings per share - diluted               | <i>Rupees</i>  | 0.60           | 0.23           |

**47 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE AND DIRECTORS**

|                          | Chief Executive   |            | Directors        |           | Executives       |           |
|--------------------------|-------------------|------------|------------------|-----------|------------------|-----------|
|                          | 2017              | 2016       | 2017             | 2016      | 2017             | 2016      |
|                          | -----Rupees-----  |            |                  |           |                  |           |
| Managerial remuneration  | 6,456,000         | 6,192,000  | 1,210,500        | 774,000   | 3,718,290        | 2,762,334 |
| Housing and utilities    | 3,144,000         | 3,408,000  | 589,500          | 426,000   | 1,801,020        | 1,520,354 |
| Bonus                    | 800,000           | 800,000    | -                | -         | -                | -         |
| Medical                  | 100,000           | 100,000    | -                | -         | -                | 115,616   |
| Others                   | -                 | -          | -                | -         | -                | -         |
|                          | <b>10,500,000</b> | 10,500,000 | <b>1,800,000</b> | 1,200,000 | <b>5,519,310</b> | 4,398,304 |
| <b>Number of persons</b> | 1                 | 1          | 6                | 6         | 4                | 3         |

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

**46.02** Fee was paid to directors for attending the board meetings amounting to Rs. 865,000/- (2016: Rs. 865,000/-).

## 48. MATURITIES OF ASSETS AND LIABILITIES

|  | Rupees                      |                            |                             |                 |
|--|-----------------------------|----------------------------|-----------------------------|-----------------|
|  | 2017                        |                            |                             |                 |
|  | Total                       | Upto one year              | Over one to five years      | Over five years |
| <b>Financial assets:</b>               |                             |                            |                             |                 |
| Finance lease receivables              | 939,129,703                 | 939,129,703                | -                           | -               |
| Long term loans and advances           | 426,863,870                 | 426,863,870                | -                           | -               |
| Long term investments                  | 50,837,644                  | 38,873,750                 | 11,963,894                  | -               |
| Short term loans and advances          | 70,151,078                  | 70,151,078                 | -                           | -               |
| Short term investments                 | -                           | -                          | -                           | -               |
| Markup accrued                         | 192,719,996                 | 192,719,996                | -                           | -               |
| Other receivables                      | 311,267,131                 | 311,267,131                | -                           | -               |
| Bank balances                          | 4,784,171                   | 4,784,171                  | -                           | -               |
|  | <u>1,995,753,593</u>        | <u>1,983,789,699</u>       | <u>11,963,894</u>           | <u>-</u>        |
| <b>Financial liabilities:</b>          |                             |                            |                             |                 |
| Long term certificates of investments  | 252,617,257                 | 31,554,868                 | 221,062,389                 | -               |
| Long term financing                    | 930,199,309                 | 909,246,529                | 20,952,780                  | -               |
| Long term morabaha                     | 15,500,000                  | 15,500,000                 | -                           | -               |
| Long term deposits                     | 437,514,079                 | 349,046,432                | 88,467,647                  | -               |
| Short term certificates of investments | 465,970,519                 | 465,970,519                | -                           | -               |
| Short term borrowings                  | 39,413,532                  | 39,413,532                 | -                           | -               |
| Mark-up accrued                        | 168,270,073                 | 168,270,073                | -                           | -               |
| Trade and other payables               | 58,815,420                  | 58,815,420                 | -                           | -               |
|  | <u>2,368,300,189</u>        | <u>2,037,817,373</u>       | <u>330,482,816</u>          | <u>-</u>        |
| <b>Net Balance</b>                     | <b><u>(372,546,596)</u></b> | <b><u>(54,027,674)</u></b> | <b><u>(318,518,922)</u></b> | <b><u>-</u></b> |
| <b>Shareholders' equity</b>            | <b><u>1,533,797,534</u></b> |                            |                             |                 |

|  | Rupees                      |                      |                        |                 |
|--|-----------------------------|----------------------|------------------------|-----------------|
|  | 2016                        |                      |                        |                 |
|  | Total                       | Upto one year        | Over one to five years | Over five years |
| <b>Financial assets:</b>               |                             |                      |                        |                 |
| Finance lease receivables              | 977,722,757                 | 977,722,757          | -                      | -               |
| Long term loans and advances           | 429,027,303                 | 428,059,264          | 968,039                | -               |
| Long term investments                  | 52,727,022                  | 38,873,750           | 13,853,272             | -               |
| Short term loans and advances          | 58,666,970                  | 58,666,970           | -                      | -               |
| Short term investments                 | 7,000,000                   | 7,000,000            | -                      | -               |
| Markup accrued                         | 190,599,224                 | 190,599,224          | -                      | -               |
| Other receivables                      | 223,511,822                 | 223,511,822          | -                      | -               |
| Bank balances                          | 14,948,365                  | 14,948,365           | -                      | -               |
|  | <u>1,954,203,463</u>        | <u>1,939,382,152</u> | <u>14,821,311</u>      | <u>-</u>        |
| <b>Financial liabilities:</b>          |                             |                      |                        |                 |
| Long term certificates of investments  | 251,833,652                 | 24,771,263           | 227,062,389            | -               |
| Long term financing                    | 962,888,059                 | 937,360,279          | 25,527,780             | -               |
| Long term morabaha                     | 15,500,000                  | 15,500,000           | -                      | -               |
| Long term deposits                     | 428,677,966                 | 425,093,913          | 3,584,053              | -               |
| Short term certificates of investments | 557,912,544                 | 557,912,544          | -                      | -               |
| Short term borrowings                  | 39,413,532                  | 39,413,532           | -                      | -               |
| Mark-up accrued                        | 176,382,210                 | 176,382,210          | -                      | -               |
| Trade and other payables               | 103,016,008                 | 103,016,008          | -                      | -               |
|  | <u>2,535,623,971</u>        | <u>2,279,449,749</u> | <u>256,174,222</u>     | <u>-</u>        |
| <b>Net Balance</b>                     | <u>(581,420,508)</u>        | <u>(340,067,597)</u> | <u>(241,352,911)</u>   | <u>-</u>        |
| <b>Shareholders' equity</b>            | <u><u>1,330,525,474</u></u> |                      |                        |                 |

## 48.01 FINANCIAL RISK MANAGEMENT

### 48.01.1 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 principals for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

#### (a) Market risk

##### (i) Currency risk

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

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

##### (ii) Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all

similar financial instrument traded in the market. The bank is exposed to equity price risk as bank hold available for sale and held for trading investments.

|                               |      | Changes<br>in PSX<br>all Index | Effects on<br>Profit<br>Before Tax<br>(Rupees) | Effects<br>on<br>Equity |
|-------------------------------|------|--------------------------------|--|-------------------------|
| Available for sale investment | 2017 | +10%                           | -  | -                       |
|                               |      | -10%                           | -  | -                       |
|                               | 2016 | +10%                           | -  | 283,329                 |
|                               |      | -10%                           | -  | (283,329)               |

**(iii) Profit rate risk**

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

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

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

| Floating rate instruments:<br>Financial assets | 2017<br>Rupees       | 2016<br>Rupees       |
|--|----------------------|----------------------|
| Bank balances - deposit accounts               | 4,165,770            | 14,240,227           |
| Short term investments                         | -                    | 7,000,000            |
| Short term loans and advances                  | 70,151,078           | 70,569,201           |
| Long term investments                          | 40,329,060           | 43,162,351           |
| Lease rental receivables                       | 939,129,703          | 977,722,757          |
| Long term loans and advances                   | 426,863,870          | 429,027,303          |
|  | <u>1,480,639,481</u> | <u>1,541,721,839</u> |

**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 accounts. 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:

|                                   |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Lease rental receivables          | 939,129,703          | 977,722,757          |
| Long term loans and advances      | 426,863,870          | 429,027,303          |
| Long term investments             | 40,329,060           | 43,162,351           |
| Short term loans and advances-net | 70,151,078           | 70,569,201           |
| Short term investments            | -                    | 7,000,000            |
| Mark-up accrued                   | 192,719,996          | 190,599,224          |
| Other receivables                 | 287,105,542          | 173,798,738          |
| Bank balances                     | 6,591,640            | 17,615,357           |
|                                   | <u>1,962,890,889</u> | <u>1,909,494,931</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:

|  | 2017<br>Rupees              | 2016<br>Rupees              |
|--|-----------------------------|-----------------------------|
| Chemical and fertilizer                      | 7,461,738                   | 7,007,298                   |
| Construction / Real Estate                   | 71,789,242                  | 73,355,768                  |
| Financial institutions / Insurance Companies | 173,491,166                 | 177,982,272                 |
| Health care                                  | 16,547,334                  | 16,470,402                  |
| Hotels                                       | 6,941,526                   | 6,497,200                   |
| Individuals / auto lease                     | 503,613,330                 | 522,196,407                 |
| Miscellaneous manufacturing                  | 154,504,721                 | 158,429,305                 |
| Miscellaneous services                       | 99,328,826                  | 101,627,750                 |
| Natural gas and LPG                          | 28,002,568                  | 28,596,616                  |
| Paper and board                              | 6,137,071                   | 6,089,853                   |
| Steel and engineering                        | 9,633,242                   | 9,887,458                   |
| Sugar and allied                             | 15,649,002                  | 16,359,515                  |
| Textile composite                            | 14,005,217                  | 15,097,157                  |
| Textile knitwear / apparel                   | 79,807,514                  | 82,131,594                  |
| Textile spinning                             | 9,803,600                   | 10,431,259                  |
| Transport and communication                  | 169,277,476                 | 174,590,206                 |
|  | <b><u>1,365,993,573</u></b> | <b><u>1,406,750,060</u></b> |

The age of overdue term loans and lease rental receivables and related provision is charged at the balance sheet date was:

**Overdue term loans and lease rental receivables**

|                         |                             |                             |
|-------------------------|-----------------------------|-----------------------------|
| Past due 0 - 180 days   | 24,905,181                  | 25,532,633                  |
| Past due 181 - 365 days | 19,115,603                  | 19,557,565                  |
| 1 - 2 years             | 920,999                     | 1,170,418                   |
| More than 2 years       | 1,712,188,363               | 1,753,581,118               |
|                         | <b><u>1,757,130,147</u></b> | <b><u>1,799,841,734</u></b> |

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

|                         |                           |                           |
|-------------------------|---------------------------|---------------------------|
| Past due 0 - 180 days   | -                         | -                         |
| Past due 181 - 365 days | 50,029                    | 59,568                    |
| 1 - 2 years             | 45,178                    | 53,728                    |
| More than 2 years       | 666,216,873               | 666,146,784               |
|                         | <b><u>666,312,080</u></b> | <b><u>666,260,080</u></b> |

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

|                          | 2017               |             |               |                    | Rupees       |
|--------------------------|--------------------|-------------|---------------|--------------------|--------------|
|                          | Gross exposure     | Collaterals |               |                    | Net exposure |
|                          |                    | Mortgage    | Hypothecation | Liquid-collaterals |              |
|                          | ----- Rupees ----- |             |               |                    |              |
| Long term finances       | 426,863,870        | 169,056,000 | 800,000       | 22,371,263         | 234,636,607  |
| Short term finances      | 34,932,749         | 27,806,024  | -             | 6,236,378          | 890,347      |
| Lease rental receivables | 1,295,333,529      | 258,317,460 | 135,748,759   | -                  | 901,267,310  |

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

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

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

|   | Rating    |        | 2017             | 2016              |
|---|-----------|--------|------------------|-------------------|
|   | Long term | Agency | (Rupees)         |                   |
| <b>Banks</b>                                |           |        |                  |                   |
| 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  | 544,527          | 11,206,689        |
| NIB Bank Limited                            | AA-       | PACRA  | 1,533,420        | 1,533,420         |
| Standard Chartered Bank                     | AAA       | PACRA  | 5,517            | 5,517             |
| State Bank of Pakistan                      |           |        | 826              | 826               |
| Al Baraka Bank (Formerly Burj Bank Limited) | A         | PACRA  | 2,052,781        | 10,169            |
| Bank Islami (Formerly KASB Bank Limited)    | A+        | PACRA  | 13,839           | 5,517             |
| Bank Al Habib Limited                       | AA+       | PACRA  | 4,865            | 11,206,689        |
| JS Bank Limited                             | AA-       | PACRA  | 821              | 1,529,068         |
| First Women Bank Limited                    |           |        | 10,000           | 4,352             |
|   |           |        | <b>4,409,964</b> | <b>25,745,615</b> |

|                                  | Rating    |        | 2017       | 2015       |
|----------------------------------|-----------|--------|------------|------------|
|                                  | Long term | Agency | (Rupees)   |            |
| <b>Sukuks / Bonds</b>            |           |        |            |            |
| Eden Housing Limited-Sukuks      |           |        | 9,843,750  | 9,843,750  |
| <b>Term finance certificates</b> |           |        |            |            |
| Azgard Nine Limited              | A+        | JCR    | 30,485,310 | 30,485,310 |

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

The table below analyses/represent 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.

|  | 30 June 2017                   |                               |               |                                |                               |             |               |
|--|--------------------------------|-------------------------------|---------------|--------------------------------|-------------------------------|-------------|---------------|
|  | Interest/Mark-up bearing       |                               |               | Non interest/Mark-up bearing   |                               |             |               |
|  | Maturity<br>within<br>One Year | Maturity<br>after<br>One Year | Sub Total     | Maturity<br>within<br>One Year | Maturity<br>after<br>One Year | Sub Total   | Total         |
|  | Rupees                         |                               |               |                                |                               |             |               |
| <b>Financial Liabilities</b>           |                                |                               |               |                                |                               |             |               |
| Long term certificates of investments  | 252,617,257                    | -                             | 252,617,257   | -                              | -                             | -           | 252,617,257   |
| Long term financing                    | 930,199,309                    | -                             | 930,199,309   | -                              | -                             | -           | 930,199,309   |
| Long term morabaha                     | 15,500,000                     | -                             | 15,500,000    | -                              | -                             | -           | 15,500,000    |
| Long term deposits                     | -                              | -                             | -             | 349,046,432                    | 88,467,647                    | 437,514,079 | 437,514,079   |
| Short term certificates of investments | 465,970,519                    | -                             | 465,970,519   | -                              | -                             | -           | 465,970,519   |
| Short term borrowings                  | 39,413,532                     | -                             | 39,413,532    | -                              | -                             | -           | 39,413,532    |
| Mark-up accrued                        | 168,270,073                    | -                             | 168,270,073   | -                              | -                             | -           | 168,270,073   |
| Trade and other payables               | -                              | -                             | -             | 68,402,037                     | -                             | 68,402,037  | 68,402,037    |
|  | 1,871,970,690                  | -                             | 1,871,970,690 | 417,448,469                    | 88,467,647                    | 505,916,116 | 2,377,886,806 |

|  | 30 June 2016                   |                               |               |                                |                               |             |               |
|--|--------------------------------|-------------------------------|---------------|--------------------------------|-------------------------------|-------------|---------------|
|  | Interest/Mark-up bearing       |                               |               | Non interest/Mark-up bearing   |                               |             |               |
|  | Maturity<br>within<br>One Year | Maturity<br>after<br>One Year | Sub Total     | Maturity<br>within<br>One Year | Maturity<br>after<br>One Year | Sub Total   | Total         |
|  | Rupees                         |                               |               |                                |                               |             |               |
| <b>Financial Liabilities</b>           |                                |                               |               |                                |                               |             |               |
| Long term certificates of investments  | 251,833,652                    | -                             | 251,833,652   | -                              | -                             | -           | 251,833,652   |
| Long term financing                    | 953,516,809                    | -                             | 953,516,809   | -                              | -                             | -           | 953,516,809   |
| Long term morabaha                     | 15,500,000                     | -                             | 15,500,000    | -                              | -                             | -           | 15,500,000    |
| Long term deposits                     | -                              | -                             | -             | 425,093,913                    | 3,584,053                     | 428,677,966 | 428,677,966   |
| Short term certificates of investments | 557,912,544                    | -                             | 557,912,544   | -                              | -                             | -           | 557,912,544   |
| Short term borrowings                  | 39,413,532                     | -                             | 39,413,532    | -                              | -                             | -           | 39,413,532    |
| Mark-up accrued                        | 174,395,956                    | -                             | 174,395,956   | -                              | -                             | -           | 174,395,956   |
| Trade and other payables               | -                              | -                             | -             | 106,446,374                    | -                             | 106,446,374 | 106,446,374   |
|  | 1,992,572,493                  | -                             | 1,992,572,493 | 531,540,287                    | 3,584,053                     | 535,124,340 | 2,527,696,833 |

Effective markup/interest rates have been disclosed in respective notes to the financial statements.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June 2017. The rates of mark up have been disclosed in respective notes to the financial statements.

#### 48.02 Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

##### 48.02.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has financial assets at fair value of Rs. Nil (2016: 2.83 million) which is valued under level 1 valuation method. The Company does not have any investment in level 2 and 3 category

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value 30 June 2017:

| Financial Assets                          | 2017    |         |         |       |
|---|---------|---------|---------|-------|
|   | Level 1 | Level 2 | Level 3 | Total |
| Financial investments: Available for sale | -       | -       | -       | -     |
|   | -       | -       | -       | -     |

| Financial Assets                          | 2016             |         |         |                  |
|---|------------------|---------|---------|------------------|
|   | Level 1          | Level 2 | Level 3 | Total            |
| Financial investments: Available for sale | 2,833,291        | -       | -       | 2,833,291        |
|   | <b>2,833,291</b> | -       | -       | <b>2,833,291</b> |

48.03

Financial instruments by categories

|                                    |                           |                       |                    |                   |   | (Rupees)             |
|------------------------------------|---------------------------|-----------------------|--------------------|-------------------|---|----------------------|
|                                    | 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 2017</b>          |                           |                       |                    |                   |   |                      |
| <b>Assets as per balance sheet</b> |                           |                       |                    |                   |   |                      |
| Cash and bank balances             | 6,591,640                 | -                     | -                  | -                 | -   | 6,591,640            |
| Short term placements              | -                         | -                     | -                  | -                 | -   | -                    |
| Short term loans and advances      | -                         | 70,151,078            | -                  | -                 | -   | 70,151,078           |
| Markup accrued                     | -                         | 192,719,996           | -                  | -                 | -   | 192,719,996          |
| Other receivables                  | -                         | 287,105,542           | -                  | -                 | -   | 287,105,542          |
| Long term deposits                 | -                         | 14,684,139            | -                  | -                 | -   | 14,684,139           |
| Long term investments              | -                         | 10,737,880            | -                  | 40,329,060        | -   | 51,066,940           |
| Lease rental receivables           | -                         | 939,129,703           | -                  | -                 | -   | 939,129,703          |
| Long term loans and advances       | -                         | 426,863,870           | -                  | -                 | -   | 426,863,870          |
|                                    | <b>6,591,640</b>          | <b>1,941,392,208</b>  | -                  | <b>40,329,060</b> | -   | <b>1,988,312,908</b> |

Liabilities as per balance sheet

|                                       | Financial liabilities at amortized cost |
|---------------------------------------|---|
| Customers' security deposits          | 437,514,079                             |
| Long term financing-subordinated loan | 129,238,590                             |
| Long term financing-others            | 930,199,309                             |
| Long term morabaha                    | 15,500,000                              |
| Long term certificates of investment  | 252,617,257                             |
| Short term borrowings                 | 39,413,532                              |
| Short term certificates of investment | 465,970,519                             |
| Mark up accrued                       | 168,270,073                             |
| Trade and other payables              | 68,402,037                              |
|                                       | <b>2,507,125,396</b>                    |

As at 30 June 2016

|                                    | Cash and cash equivalents | Loans and receivables | Available for sale | Held to maturity  | Assets at fair value through profit or loss | Total                |
|------------------------------------|---------------------------|-----------------------|--------------------|-------------------|---|----------------------|
| <b>Assets as per balance sheet</b> |                           |                       |                    |                   |   |                      |
| Cash and bank balances             | 17,615,357                | -                     | -                  | -                 | -   | 17,615,357           |
| Short term placements              | -                         | 7,000,000             | -                  | -                 | -   | 7,000,000            |
| Short term loans and advances      | -                         | 70,569,201            | -                  | -                 | -   | 70,569,201           |
| Markup accrued                     | -                         | 190,599,224           | -                  | -                 | -   | 190,599,224          |
| Other receivables                  | -                         | 173,798,738           | -                  | -                 | -   | 173,798,738          |
| Long term deposits                 | -                         | 8,684,139             | -                  | -                 | -   | 8,684,139            |
| Long term investments              | -                         | -                     | 2,833,291          | 40,329,060        | -   | 43,162,351           |
| Lease rental receivables           | -                         | 977,722,757           | -                  | -                 | -   | 977,722,757          |
| Long term loans and advances       | -                         | 428,059,264           | -                  | -                 | -   | 428,059,264          |
|                                    | <b>17,615,357</b>         | <b>1,856,433,323</b>  | <b>2,833,291</b>   | <b>40,329,060</b> | -   | <b>1,917,211,031</b> |

Liabilities as per balance sheet

|                                       | Financial liabilities at amortized cost |
|---------------------------------------|---|
| Customers' security deposits          | 428,677,966                             |
| Long term financing-subordinated loan | 398,515,980                             |
| Long term financing-others            | 953,516,809                             |
| Long term morabaha                    | 15,500,000                              |
| Long term certificates of investment  | 251,833,652                             |
| Short term borrowings                 | 39,413,532                              |
| Short term certificates of investment | 557,912,544                             |
| Mark up accrued                       | 174,395,956                             |
| Trade and other payables              | 106,446,374                             |
|                                       | <b>2,926,212,813</b>                    |

**48.04 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. 750 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, subordinated loans and redeemable preference shares.

|   | <b>2017<br/>Rupees</b> | <b>2016<br/>Rupees</b> |
|---|------------------------|------------------------|
| Debt  | <u>3,476,892,107</u>   | <u>3,585,744,605</u>   |
| Cash and bank balances                      | <u>6,591,640</u>       | <u>17,615,357</u>      |
| Net debt                                    | <u>3,470,300,467</u>   | <u>3,568,129,248</u>   |
| Total equity                                | <u>1,533,797,532</u>   | <u>1,330,525,455</u>   |
| Total capital employed                      | <u>5,004,097,999</u>   | <u>4,898,654,703</u>   |
| Gearing ratio (%)                           | <u>69.35%</u>          | <u>72.84%</u>          |
| <b>49 CASH AND CASH EQUIVALENTS</b>         |                        |                        |
| Cash and bank balances                      | <u>6,591,640</u>       | <u>17,615,357</u>      |
| Short term running finance                  | <u>(39,413,532)</u>    | <u>(39,413,532)</u>    |
|   | <u>(32,821,892)</u>    | <u>(21,798,175)</u>    |
| <b>50 TRANSACTIONS WITH RELATED PARTIES</b> |                        |                        |

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:

**Related parties balances:**
**Mr. Asif Kamal**

|                             |             |             |
|-----------------------------|-------------|-------------|
| Share capital as on 30 June | 71,065,510  | 71,065,510  |
| Subordinate Loan            | 99,810,000  | 302,500,000 |
| Loan from director          | 523,026,262 | 608,026,262 |

**Mamoon-ur- Rasheed**

|                  |   |            |
|------------------|---|------------|
| Subordinate Loan | - | 66,587,388 |
|------------------|---|------------|

**Asad Kazmi**

|                  |               |               |
|------------------|---------------|---------------|
| Subordinate Loan | 29,428,590    | 29,428,573    |
| Long term loan   | 1,967,521,427 | 1,967,521,427 |

**Genesis Securities (Private) Limited**

|                             |             |             |
|-----------------------------|-------------|-------------|
| Share capital as on 30 June | 122,097,420 | 122,097,420 |
|-----------------------------|-------------|-------------|

**Associated undertakings:**
**Habib Rafiq (Private) Limited**

|                                  |             |             |
|----------------------------------|-------------|-------------|
| Letter of Guarantees outstanding | 214,042,809 | 316,484,490 |
|----------------------------------|-------------|-------------|

**Related parties transactions during the year:**
**Mr. Ahsan Rafique**

|                  |   |           |
|------------------|---|-----------|
| Sale of vehicles | - | 1,000,000 |
|------------------|---|-----------|

**Associated undertakings:**
**Habib Rafiq (Private) Limited**

|  |             |            |
|--|-------------|------------|
| Income charged during the year                       | 2,568,586   | 3,021,709  |
| Letter of Guarantees expired/ issued during the year | 102,441,681 | 43,960,584 |

## 51 SEGMENT ANALYSIS

Activities of the companies 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.

|   | Rupees               |                       |                   |
|---|----------------------|-----------------------|-------------------|
|   | 2017                 |                       |                   |
|   | Financing activities | Investment activities | Total             |
| Income from lease operations                    | 6,694,399            | -                     | 6,694,399         |
| Income from investments                         | -                    | 594,185               | 594,185           |
| Income from term loans                          | 24,116,845           | -                     | 24,116,845        |
| Commission income                               | 25,302,330           | -                     | 25,302,330        |
| <b>Total income for reportable segments</b>     | 56,113,574           | 594,185               | 56,707,759        |
| Finance cost                                    | (523,047)            | (45,797)              | (568,844)         |
| Administrative and operating expenses           | (89,801,958)         | -                     | (89,801,958)      |
| Other operating expenses                        | (23,115,376)         | -                     | (23,115,376)      |
| Provision reversed against lease and term loans | 486,069              | -                     | 486,069           |
| Impairment reversed in the value of investment  | -                    | -                     | -                 |
| Other income                                    |                      | 114,919,911           | 114,919,911       |
| <b>Segment result</b>                           | <b>(56,840,738)</b>  | <b>115,468,299</b>    | <b>58,627,561</b> |
| <b>Profit before taxation</b>                   |                      |                       | <b>58,627,561</b> |

|                         | Rupees               |                       |               |
|-------------------------|----------------------|-----------------------|---------------|
|                         | 2017                 |                       |               |
|                         | Financing activities | Investment activities | Total         |
| Segment assets          | 1,792,348,477        | 47,920,700            | 1,840,269,177 |
| Unallocated assets      |                      |                       | 2,555,890,940 |
|                         |                      |                       | 4,396,160,117 |
| Segment liabilities     | 1,106,645,485        | 1,053,653,440         | 2,160,298,925 |
| Unallocated liabilities |                      |                       | 702,063,660   |
|                         |                      |                       | 2,862,362,585 |

|   | Rupees               |                       |                   |
|---|----------------------|-----------------------|-------------------|
|   | 2016                 |                       |                   |
|   | Financing activities | Investment activities | Total             |
| Income from lease operations                    | 40,518,360           | -                     | 40,518,360        |
| Income from investments                         | -                    | 258,561               | 258,561           |
| Income from term loans                          | 18,375,830           | -                     | 18,375,830        |
| Commission income                               | -                    | 16,026,577            | 16,026,577        |
| <b>Total income for reportable segments</b>     | <b>58,894,190</b>    | <b>16,285,138</b>     | <b>75,179,328</b> |
| Finance cost                                    | (698,905)            | (1,978,115)           | (2,677,020)       |
| Administrative and operating expenses           | (76,847,819)         | -                     | (76,847,819)      |
| Other operating expenses                        | (17,224,249)         | -                     | (17,224,249)      |
| Provision reversed against lease and term loans | 19,335,432           | -                     | 19,335,432        |
| Impairment charged in the value of investment   | -                    | (1,000,000)           | (1,000,000)       |
| Other income                                    | -                    | 23,707,896            | 23,707,896        |
| <b>Segment result</b>                           | <b>(75,435,541)</b>  | <b>20,729,781</b>     | <b>20,473,568</b> |
| <b>Profit before taxation</b>                   |                      |                       | <b>20,473,568</b> |

|                         | Rupees               |                       |                      |
|-------------------------|----------------------|-----------------------|----------------------|
|                         | 2016                 |                       |                      |
|                         | Financing activities | Investment activities | Total                |
| Segment assets          | 1,840,043,186        | 68,777,708            | 1,908,820,894        |
| Unallocated assets      |                      |                       | 2,446,549,564        |
|                         |                      |                       | <b>4,355,370,458</b> |
| Segment liabilities     | 1,129,962,985        | 1,026,580,559         | 2,156,543,544        |
| Unallocated liabilities |                      |                       | 868,301,459          |
|                         |                      |                       | <b>3,024,845,003</b> |

## 52 EXPOSURE EXCEEDING 20% OF EQUITY

Below is the outstanding exposure exceeding 20% of equity:  
Ali Pervaiz and Associates Rs. 393,125,286/-

## 53 FUNDAMENTAL ERROR

### 53.01 Dividend on preference shares

During previous financial years, an amount of Rs. 73,626,969 related to dividend on preference shares was not recognised in profit and loss account in comparative and prior years. In current year, The company has issued shares against dividend payable on preference shares. The effect of this error has been recognised retrospectively in accordance with the provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors".

|                                   | 2016<br>Rupees | Prior Periods<br>Rupees |
|-----------------------------------|----------------|-------------------------|
| Increase in current liability     | 1,894,109      | 71,728,860              |
| Effect on equity                  | -              | 71,728,860              |
| Effect on profit and loss account | 1,894,109      | -                       |

**54 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on 04 October 2017 by the Board of Directors of the company.

| <b>55 GENERAL</b>   | <b>No. of employees</b> |             |
|---|-------------------------|-------------|
|   | <b>2017</b>             | <b>2016</b> |
| <b>55.01</b> The number of employees are as follows:  |                         |             |
| Average number of employees during the year   | <u>33</u>               | <u>35</u>   |
| Number of employees at the end of the year.   | <u>33</u>               | <u>33</u>   |
| <b>55.02</b> Figures have been rounded off to the nearest of rupee.   |                         |             |
| <b>55.03</b> Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparison. |                         |             |



# Form of Proxy Trust Investment Bank Limited

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a 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 26<sup>th</sup> Annual *General Meeting* of the Bank to be held on the 26<sup>th</sup> day of October, 2017 at  
03:00 p.m. at Hotel Sunfort, 72-D/1, Commercial Zone, Liberty Market, Gulberg-III, Lahore.

|   |
|---|
| Revenue affix Five<br>Rupees Revenue<br>Stamp |
|---|

Signature this \_\_\_\_\_ day of \_\_\_\_\_ 2017

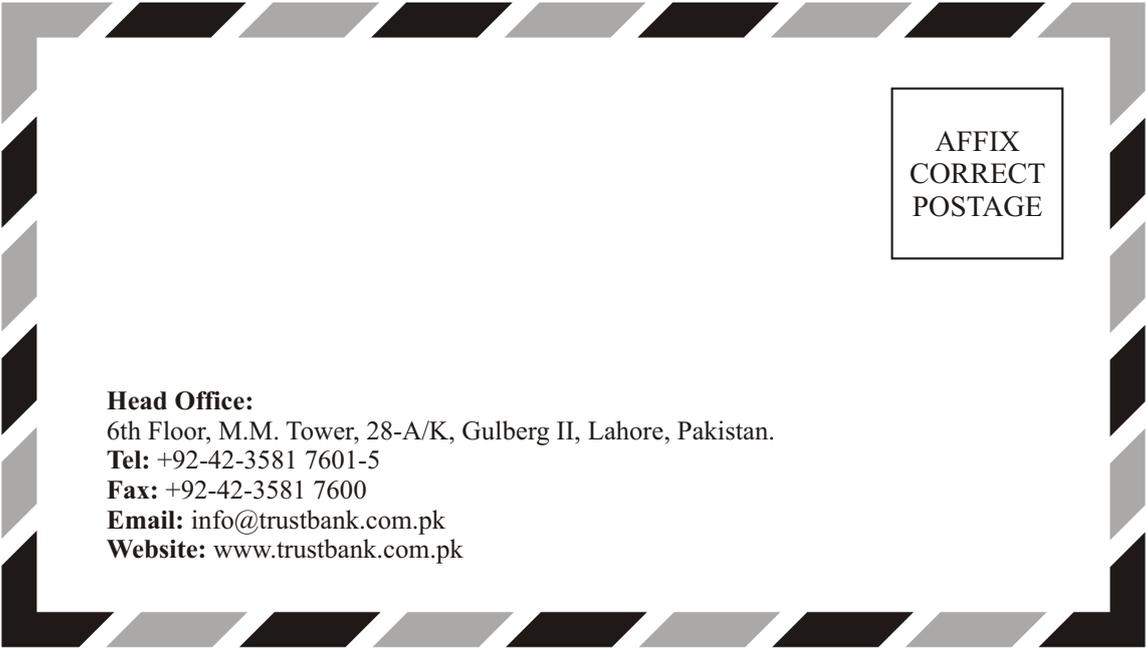
Signature of Member  
(The Signature should agree with the  
specimen registered with the Bank)

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. 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.



## پراکسی فارم

میں/ہم \_\_\_\_\_ بحیثیت ممبر ٹرسٹ انویسٹمنٹ بینک لمیٹڈ اور حامل \_\_\_\_\_ عمومی حصص برطبق رجسٹرڈ فولیو/سی ڈی سی پارٹیسپینٹ شناختی نمبر اور سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ تحریر ہذا محترم/محترمہ \_\_\_\_\_ کو یا ان کی غیر حاضری کی صورت میں محترم/محترمہ \_\_\_\_\_ کو جو بحوالہ رجسٹرڈ فولیو/سی ڈی سی پارٹیسپینٹ شناختی نمبر \_\_\_\_\_ ٹرسٹ انویسٹمنٹ بینک لمیٹڈ کے/کی ممبر بھی ہیں، اپنا پراکسی مقرر کرتا/کرتی/کرتے ہیں تاکہ وہ میرے/ہمارے لئے اور میری/ہماری طرف سے کمپنی کے 26 ویں سالانہ اجلاس عام میں ووٹ ڈال سکیں جو سوموار 26 اکتوبر 2017 کو شام 03:00 بجے ہوٹل سن فورٹ 72- ڈی/1 کمرشل زون، لبرٹی مارکیٹ، گلبرگ-3 لاہور میں منعقد ہوگا۔

|                         |                    |
|-------------------------|--------------------|
| پانچ روپے کے رسیدی ٹکٹس | تاریخ دستخط: _____ |
|-------------------------|--------------------|

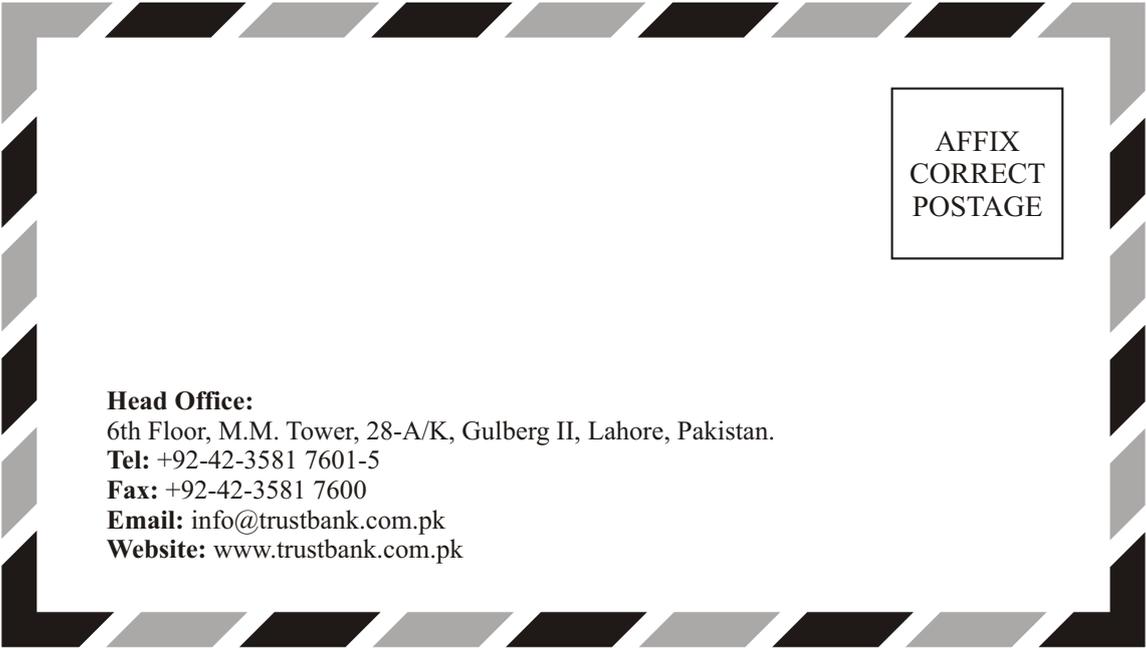
دستخط

(جو کمپنی کے پاس رجسٹرڈ ہیں)

|  |  |
|--|--|
| گواہ نمبر 2                            | گواہ نمبر 1                            |
| دستخط _____                            | دستخط _____                            |
| نام _____                              | نام _____                              |
| پتہ _____                              | پتہ _____                              |
| قومی شناختی کارڈ یا پاسپورٹ نمبر _____ | قومی شناختی کارڈ یا پاسپورٹ نمبر _____ |

نوٹ:

- ☆ یہ پراکسی فارم، باقاعدہ پر شدہ اور دستخط شدہ حالت میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً پہنچ جانا چاہئے۔
- ☆ کوئی شخص بطور پراکسی کام نہیں کرے گا اگر وہ خود کمپنی کا شیئر ہولڈر نہ ہو سوائے اس کے کہ کوئی کمپنی کسی ایسے شخص کو اپنا نمائندہ مقرر کر دے جو شیئر ہولڈر نہ ہو۔



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