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Company Information

Board of Directors

Mr. Asif Kamal	Chairman
Mr. Humayun Nabi Jan	Director
Mr. Khalid Niaz Khawaja	Director
Mr. Shafiq A. Khan	Director
Mr. Ahmed Ali Riaz	Director
Mr. Shazib Masud	Director
Mr. Javaid B. Sheikh	Chief Executive

Audit Committee

Mr. Humayun Nabi Jan (Chairman)
Mr. Asif Kamal
Mr. Khalid Niaz Khawaja

Chief Financial Officer

Mr. Imran Hameed

Company Secretary

Mr. Awais Yasin

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Nawaz Kasuri & Rashdeen Law Chambers

Bankers to the Company

The Bank of Punjab
Faysal Bank Limited
Askari Bank Limited
Allied Bank Limited
National Bank of Pakistan Limited
Habib Bank Limited
Soneri Bank Limited
Standard Chartered Bank Limited
Atlas Bank Limited
Bank Al Habib Limited
Habib Metropolitan Limited

Registrars

Vision Consulting Limited
1st Floor, 3-C, LDA Flats, Lawrence Road, Lahore
Tel: 0426375531,6375339 Fax: 042-6374839

Registered Office & Head Office

23- D/1-A, Gulberg-III, Lahore.
Tel: 042-2404714-19 Fax: 042- 2404720
Email: info@trustbank.com.pk
Website: www.trustbank.com.pk

Directors' Report

The directors of Trust Investment Bank Limited are pleased to present the Interim Financial Statements for six months ended December 31, 2008 together with the auditors' review report thereon.

ECONOMIC OUTLOOK

During the period under review the liquidity crunch in international financial markets was at peak and all policies and strategies have miserably failed to stem this severe liquidity crunch. The international financial turmoil got more worse in spite of billions of dollars and euros that have been injected in the international financial system. Although the international financial crises have meager effect on the Pakistani financial market but liquidity/credit position in Pakistan was in "virtual panic mode" due to its internal economic and financial forces. The commercial banks in Pakistan have stopped /slowed down the lending activities, due to an anticipated decline in the value of the collaterals used by the banks to secure the loans, an increased perception of risk regarding the solvency of other banks within the banking system, change in monetary conditions imposed by State Bank of Pakistan which include raising of cash reserve requirements & interest rate, imposition of new regulatory constraints on lending and credit controls as a measure to check inflationary trends in the economy. Furthermore the power problem, law & order situation, debacle of stock market have also aggravated the economic crises in the country. The aforesaid reasons also exacerbated the confidence of investor due to which the gap between savings and investment has been widened. The bank is also victimized by the prevailing vicious circle of liquidity crunch and economic distress.

OPERATING RESULTS

The financial results for the quarter are as follows:

	December 2008	December 2007
	(Rupees in million)	
Revenue	404.06	434.328
Operating Expenses	107.521	105.532
Financial Expenses	464.437	249.454
Operating profit/(loss) before provision and taxation	(167.898)	79.341
Profit before taxation	(227.26)	35.501
Profit after taxation	(227.26)	28.501
(Loss)/Earnings per Share (Rs.)	(3.88)	0.49

REVIEW OF OPERATIONS

Liquidity crunch in the financial market, debacle of stock/capital market, poor economic situation and lack of investor confidence also affected the business and spread earning of the Bank. During the period under review the market price of the shares have declined drastically which affected the portfolio of the bank and investment of the bank has been blocked. The bank faced problems in recovery due to poor economic conditions.

During the period under review contribution from core business activities i.e. income from lease and term finances towards revenue has increased by 113% however, due to sharp decline in the stock market income from investment has substantially reduced, resultantly total revenue has only decreased by 7%. It is worth mentioning that in compliance with the SECP regulations, brokerage business has been spin off with effect from 1st July, 2008 through establishment of new wholly owned subsidiary company Trust Capital (Private) Limited.

During the period under review, total expenses were increased with 61%, mainly attributed to the financial cost which has risen by 86% as compared to the corresponding period. The main reason of increase in the financial cost is the un-precedented liquidity shortage in banking system. Under normal market conditions lack of liquidity manifests only in pricing, however, in a market failure condition such as the one we experienced

during the period under review, lack of liquidity led/added to lack of confidence. The snowball effect led to actions by market players which further aggravated the situations i.e. holding on to cash by relatively liquid banks under panic, non disbursement against agreed/approved lines, non-rollover of normally rolloverable positions etc. Trust Bank thus was no exception and suffered the interbank market failure manifesting into non-availability of already approved treasury as well regular lines, rollovers for periods as short as one day, exorbitant inter-bank interest rates, inability to liquidate short term securities held due to illiquid market & freeze on stock market. Administrative expenses remained within the limit and had only increased by 1%.

RATING BY EXTERNAL AGENCY

Pakistan Credit Rating Agency Limited has adjusted the long term credit rating of the Bank at "A-" (A minus), while short term credit rating has also been adjusted at "A 2" (A two). Rating of term finance certificate I and II has been accordingly adjusted at "A" of TFC I, II & III.

FUTURE OUTLOOK

The future outlook and profitability of the NBFCs sector is mainly dependent on financial stability and easing of liquidity in the country. The persistent support and revised policies over imposition of new regulatory constraints on lending, lowering interest rate, cash reserve requirements, can play a pivotal role to save the NBFCs sector from economic distress.

Government of Pakistan and regulatory authorities are taking remedial measures to break the prevailing vicious circle of financial turmoil. Evidently SBP has intervened in this crises and helped to ease off pressures from the liquidity in the commercial banks. Similarly, some positive steps have also been taken by the SECP in this regard. The Board is anticipating market normalization by the end of this year. As part of business strategy, bank has plan to raise funds through TFCs, deposit mobilization from corporate sector as well as from individuals. The management of the bank is anticipating a competitive and challenging environment for the NBFCs and management will try its level best to take all necessary measures to improve the profitability of the bank.

ACKNOWLEDGEMENT

The directors express their sincere gratitude to financial institutions, regulatory authorities, valuable customers and shareholders for their continued support, persistent cooperation and patronage which give strength to pursue corporate objectives with renewed vigor. The Board also acknowledges the valuable teamwork, devotion to duty and dedicated services rendered by the executives, employees and workers of the bank.

For and on behalf
of the Board of Directors

Lahore
27 February 2009

Javid B. Sheikh
Chief Executive

Trust Investment Bank Limited

Condensed Interim Financial Statements
for the six months ended December 31, 2008

Independent Report on Review of Condensed Interim Financial Information to the Members of Trust Investment Bank Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet of Trust Investment Bank Limited ("the Company") as at 31 December 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months period then ended (condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 31 December 2008 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Lahore
Dated: 27 February 2009

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

Trust Investment Bank Limited

Condensed Interim Balance Sheet (Un-audited)

As at 31 December 2008

	Note	31 December 2008 (Un-Audited) Rupees	30 June 2008 (Audited) Rupees
Non - current assets			
Fixed assets			
Property and equipment	3	111,835,225	124,078,819
Intangible asset		769,513	33,204,684
		112,604,738	157,283,503
Net investment in lease finance	4	1,949,201,896	3,420,843,454
Long term finances	5	547,742,878	563,347,630
Long term investment in subsidiary company		60,000,000	-
Long term investments		189,108,700	279,992,000
Long term deposits		2,527,928	4,159,629
Long term advances		97,379,318	97,379,318
Deferred tax asset		58,622,055	55,366,202
		2,904,582,775	4,421,088,232
		3,017,187,513	4,578,371,735
Current assets			
Current maturities of non-current assets	6	2,540,108,198	1,210,646,914
Short term finances	7	413,269,183	384,634,120
Short term placements	8	182,148,558	500,425,308
Short term investments	9	207,401,946	569,891,145
Taxation -net		34,735,121	33,097,670
Mark up accrued		100,229,775	37,070,524
Advances, prepayments and other receivables	10	390,775,880	681,939,159
Cash and bank balances	11	17,816,036	93,288,773
		3,886,484,697	3,510,993,613
		6,903,672,210	8,089,365,348
Equity and liabilities			
Share capital		585,528,729	585,528,729
Reserves		282,970,989	510,079,888
		868,499,718	1,095,608,617
Surplus on revaluation of assets		10,348,264	7,243,576
		878,847,982	1,102,852,193
Deficit on revaluation of investments	9.2	(476,786,228)	(120,299,798)
Non current liabilities			
Term finance certificates	12	663,210,495	145,632,592
Long term certificates of investment	13	30,030,340	100,753,970
Long term borrowings	14	456,388,890	601,481,188
Long term deposits		901,556,106	1,026,219,481
Pre-IPO subscription of term finance certificates		-	449,910,000
Staff service costs		10,535,886	6,592,003
		2,061,721,717	2,330,589,234
Current liabilities			
Current maturities of long term liabilities	15	1,532,786,876	1,648,256,153
Short term certificates of investment		601,478,090	1,042,181,991
Short term borrowings	16	2,108,513,964	1,911,402,172
Mark up accrued		153,047,080	93,231,841
Trade and other payables	17	44,062,729	81,151,562
		4,439,888,739	4,776,223,719
		6,501,610,456	7,106,812,953
Contingencies and commitments			
	18	6,903,672,210	8,089,365,348

The annexed notes 1 to 24 form an integral part of this condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.3.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Condensed Interim Profit and Loss Account (Un-audited)

For the six months ended 31 December 2008

	Note	Quarter ended		Six months period ended	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
		(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Revenue					
Income from lease operations	19	79,112,873	52,100,942	241,851,123	160,189,691
(Loss)/Income from investments	20	(4,626,761)	120,212,085	22,041,838	154,930,648
Income from term finances		61,472,950	7,911,736	125,602,626	12,411,618
Income from brokerage		-	12,647,523	-	23,489,567
Other income		4,115,007	59,548,726	14,563,912	83,306,308
		140,074,069	252,421,012	404,059,499	434,327,832
Expenditure					
Finance cost		266,525,342	126,525,900	464,437,331	249,454,487
Administrative and operating expenses		48,894,277	48,284,514	96,994,773	95,958,746
Depreciation and amortization		4,028,030	4,334,683	8,106,824	8,552,526
Lease receivables written off		1,615,945	989,290	2,418,880	1,020,487
		321,063,594	180,134,387	571,957,808	354,986,246
Operating profit		(180,989,525)	72,286,625	(167,898,309)	79,341,586
Provision for miscellaneous receivables and potential lease losses		(56,204,960)	(32,350,727)	(59,361,755)	(35,350,727)
Deficit on revaluation of held for trading investments		-	(21,002,896)	-	(8,489,921)
		(56,204,960)	(53,353,623)	(59,361,755)	(43,840,648)
(Loss)/Profit before taxation		(237,194,485)	18,933,002	(227,260,064)	35,500,938
Provision for taxation		(1,500,000)	(6,000,000)	-	(7,000,000)
(Loss)/Profit after taxation		(238,694,485)	12,933,002	(227,260,064)	28,500,938
(Loss)/Earnings per share - basic and diluted	21	(4.08)	0.22	(3.88)	0.49

The annexed notes 1 to 24 form an integral part of this condensed interim financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.3.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Condensed Interim Cash Flow Statement (Un-audited)

For the six months ended 31 December 2008

	31 December 2008 Rupees	31 December 2007 Rupees
Cash flows from operating activities		
(Loss)/Profit before taxation	(227,260,064)	35,500,938
Adjustments for non cash and other items		
Depreciation and amortization	8,106,824	8,552,526
Amortization of transaction costs	2,222,487	2,118,970
Provision for staff service costs	6,300,000	6,000,000
Provision for potential lease losses	59,361,755	35,350,727
Lease balances written-off	2,418,880	1,020,487
Finance cost	464,437,331	249,454,487
Profit on sale of property and equipment	(8,980,357)	(78,753,143)
Deficit on revaluation of held for trading investments	-	8,489,921
Gain on sale of investments available for sale	-	(7,249,000)
	533,866,920	224,984,975
Cash flows from operations before working capital changes	306,606,856	260,485,913
Changes in operating assets and liabilities		
(Increase)/decrease in		
Long term investments	90,883,300	155,861,522
Short term placements	318,276,750	(84,558,407)
Mark up accrued	(63,159,251)	(11,920,063)
Advances, prepayments and other receivables	238,674,187	(265,228,098)
Long and short term finances	(261,033,816)	(263,825,802)
Net investment in lease finance	316,167,045	(228,595,753)
Purchase of investment available for sale	(34,543,430)	(156,501,777)
Certificates of investment	(644,996,501)	664,665,087
Long term deposits	(64,865,551)	106,832,564
	(104,597,267)	(83,270,727)
Increase/(decrease) in trade and other payables	(37,088,833)	(11,248,839)
	(141,686,100)	(94,519,566)
Cash generated from operations	164,920,756	165,966,347
Finance cost paid	(404,622,092)	(215,875,680)
Taxes paid	(1,637,451)	(2,824,788)
Gratuity paid	(2,356,117)	(5,417,267)
	(408,615,661)	(224,117,735)
Net cash used in operating activities	(243,694,905)	(58,151,388)
Cash flows from investing activities		
Purchase of property and equipment	(8,402,243)	(74,904,880)
Long term deposits	1,631,701	(220,000)
Proceeds from sale of property and equipment	2,434,970	44,028,000
Sale proceeds of long term investments	63,610,294	63,550,950
Net cash generated from investing activities	59,274,722	32,454,070
Cash flows from financing activities		
Long term and short term borrowings	(186,940,429)	(269,018,235)
Issue of Term Finance Certificates	150,000,000	450,000,000
Redemption of Term Finance Certificates	(75,000,000)	(120,000,000)
Dividend paid	-	(69,127,521)
Net cash used in financing activities	(111,940,429)	(8,145,756)
Net decrease in cash and cash equivalents	(296,360,612)	(33,843,074)
Cash and cash equivalents at the beginning of the period	(44,049,307)	(10,206,233)
Cash and cash equivalents at the end of the period	(340,409,919)	(44,049,307)

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended 31 December 2008

	Share capital	Share premium	Statutory reserve	General reserve	Un-appropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 1 July 2007	468,422,983	70,714,920	176,801,731	61,000,000	239,124,294	1,016,063,928
Final dividend for 2007 paid @ 15% (Rs 1 per share)	-	-	-	-	(70,263,447)	(70,263,447)
Bonus shares issued for 2007 @ 25%	117,105,746	(70,714,920)	-	-	(46,390,826)	-
Net profit for the period	-	-	-	-	28,500,938	28,500,938
Transfer to statutory reserve	-	-	5,700,188	-	(5,700,188)	-
Balance as at 31 December 2007	585,528,729	-	182,501,919	61,000,000	145,270,771	974,301,419
Transfer from surplus on revaluation of fixed assets	-	-	-	-	25,194	25,194
Net profit for the period	-	-	-	-	121,282,004	121,282,004
Transfer to statutory reserve	-	-	24,256,399	-	(24,256,399)	-
Balance as at 30 June 2008	585,528,729	-	206,758,318	61,000,000	242,321,570	1,095,608,617
Transfer from surplus on revaluation of fixed assets	-	-	-	-	151,165	151,165
Net loss for the period	-	-	-	-	(227,260,064)	(227,260,064)
Balance as at 31 December 2008	585,528,729	-	206,758,318	61,000,000	15,212,671	868,499,718

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Selected Notes to the Condensed Interim Financial Information (Un-audited)

For the six months ended 31 December 2008

1 THE COMPANY AND ITS OPERATIONS

Trust Investment Bank Limited ("the Company") was incorporated in 1992 as a public limited company under the Companies Ordinance, 1984 and is listed on all the three stock exchanges of Pakistan. The company is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). It is mainly engaged in the business of investment finance services and leasing. The registered office of the company is situated at 23-D/1-A, Gulberg III, Lahore.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 ACCOUNTING CONVENTION

The condensed interim financial information have been prepared under the historical cost convention, except for held for trading investments and available for sale investments, which have been recognized at fair value.

2.2 BASIS OF PRESENTATION

These condensed interim financial information are un-audited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan relating to Interim Financial Reporting. This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2008.

The condensed interim financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

2.3 ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2008.

2.4 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2008.

		31 December 2008	
		Additions cost	Disposal book value
		Rupees	Rupees
3	FIXED ASSETS		
	Property and equipment		
	Lease hold improvements	6,024,738	412,093
	Office equipment and machines	773,750	3,990,081
	Furniture and fixtures	271,015	1,219,113
	Air conditioning equipment	166,240	583,501
	Vehicles	1,166,500	5,862,466
		8,402,243	12,067,254
	Intangible assets	-	32,388,317
		31 December 2008	30 June 2008
		Rupees	Rupees
4	NET INVESTMENT IN LEASE FINANCE		
	Lease payments receivable	4,050,198,061	4,420,396,057
	Add: Residual value	1,168,977,455	1,223,377,097
	Gross investment in leases	5,219,175,516	5,643,773,154
	Less: Unearned finance income	630,846,333	767,135,109
	Income suspended	166,070,269	138,212,086
	Provision for potential lease losses	187,059,401	113,042,667
		983,976,003	1,018,389,862
	Net investment in lease finance	4,235,199,513	4,625,383,292
	Less: Current portion of net investment in lease finance 6	2,285,997,617	1,204,539,838
		1,949,201,896	3,420,843,454

31 December 2008			
	Not later than one year	Later than one year and not later than five years	Later than five years
	Rupees	Rupees	Rupees
Gross investment	2,637,296,414	2,581,879,102	-
Less: Unearned finance income	351,298,797	279,547,536	-
	2,285,997,617	2,302,331,566	-
			4,588,329,183

30 June 2008

	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	1,604,856,731	4,038,916,423	-	5,643,773,154
Less: Unearned finance income	400,316,893	366,818,216	-	767,135,109
	<u>1,204,539,838</u>	<u>3,672,098,207</u>	<u>-</u>	<u>4,876,638,045</u>
			31 December 2008	30 June 2008
		Note	Rupees	Rupees
5 LONG TERM FINANCES				
Employees - considered good			24,758,803	24,223,751
Trust Capital (Private) Limited			140,000,000	-
Others:				
Secured - considered good			636,794,656	544,930,955
Unsecured - considered good			300,000	300,000
			<u>801,853,459</u>	<u>569,454,706</u>
Less: Current maturity		6	254,110,581	6,107,076
			<u>547,742,878</u>	<u>563,347,630</u>
6 CURRENT MATURITIES OF NON-CURRENT ASSETS				
Long term finances		5	254,110,581	6,107,076
Net investment in lease finance		4	2,285,997,617	1,204,539,838
			<u>2,540,108,198</u>	<u>1,210,646,914</u>
7 SHORT TERM FINANCES				
Employees - considered good			469,183	804,120
Other: Secured - considered good			412,800,000	383,830,000
Secured - considered doubtful			650,000	650,000
Less: Provision against doubtful finance			(650,000)	(650,000)
			<u>413,269,183</u>	<u>384,634,120</u>

	31 December 2008	30 June 2008
	Rupees	Rupees
8 SHORT TERM PLACEMENTS - CONSIDERED GOOD		
Continuous funding system	6,465,588	139,437,308
Securities purchased under reverse repurchase agreements	175,682,970	360,988,000
	182,148,558	500,425,308
Fair value of quoted securities held as collateral against lending on Continuous Funding System and Reverse Repurchase Agreement.		
Quoted Shares	195,939,589	559,282,482

These have been placed for a period upto one year.

9 SHORT TERM INVESTMENTS

	December 2008			June 2008		
	Held by Company	Given as collateral	Total	Held by Company	Given as Collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Investments at fair value through profit and loss account	-	-	-	73,742,791	24,528,702	98,271,493
Investments available for sale	32,805,059	174,596,887	207,401,946	162,347,671	309,271,982	471,619,653
	32,805,059	174,596,887	207,401,946	236,090,462	333,800,684	569,891,146

9.1 During the period the Company has reclassified its investment portfolio of listed securities as at 01 July 2008 valuing Rs 98.271 million from "Held for Trading" to "Available for sale" category.

	31 December 2008	30 June 2008
	Rupees	Rupees
9.2 Deficit on revaluation of investments		
Available for sale		
Listed shares and units	(476,786,228)	(120,299,798)

9.3 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of 'floor mechanism' by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008. The equity securities have been valued at prices quoted on the KSE on 31 December 2008 without any adjustment as allowed by the Securities and Exchange Commission of Pakistan (SECP) circular No. Enf/D-III/Misc./1/2008 dated 29 January 2009.

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

International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (IAS 39) requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to Profit and Loss Account.

In view of the floor mechanism as explained above and current economic conditions in the country, the management believes that these are 'rare circumstances' and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for 'Available for Sale' equity securities through Profit and Loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss in accordance with the requirements of IAS 39 would have had the following effect on these condensed interim financial information:

	31 December 2008 (Rupees)
Effect of Impairment Loss in Profit and Loss Account	476,694,655
Effect on Tax charge for the period	-
Decrease in profit for the period	476,694,655
Decrease in deficit on revaluation of Available for Sale securities	476,694,655
Decrease in Un-appropriated profit	476,694,655
Decrease in earning per share	8.14

	Note	31 December 2008 Rupees	30 June 2008 Rupees
10 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advance to employees-considered good		4,433	16,167
Advance against leases		66,983,136	98,118,169
Advance against purchase of fixed assets		800,000	5,023,459
Other advances - considered good		561,597	381,801
Initial transaction cost of term finance certificates		-	5,549,389
Receivable from Trust Capital (Private) Limited		174,976,493	410,780,744
Prepayments		6,356,359	9,843,933
Miscellaneous receivables from lessees	10.1	138,024,776	148,625,216
Other receivables-considered good		3,069,086	3,600,281
		390,775,880	681,939,159

	Note	31 December 2008 Rupees	30 June 2008 Rupees
10.1 Miscellaneous receivables from lessees			
Considered good		138,024,776	148,625,216
Considered doubtful			
Miscellaneous receivables from lessees		52,489,092	67,144,071
Less: Provision against doubtful receivables		(52,489,092)	(67,144,071)
		-	-
		<u>138,024,776</u>	<u>148,625,216</u>
11 CASH AND BANK BALANCES			
Cash in hand		2,048,182	1,175,600
With banks in:			
Deposit accounts		232,214	232,202
Current accounts		15,535,640	91,880,971
		15,767,854	92,113,173
		<u>17,816,036</u>	<u>93,288,773</u>
12 TERM FINANCE CERTIFICATES (TFC) - SECURED			
TFC II-1st Tranche		75,000,000	112,500,000
TFC II-2nd Tranche		150,000,000	187,500,000
TFC III		600,000,000	-
		825,000,000	300,000,000
Less: Unamortized portion of the initial transaction cost		11,549,505	4,367,408
		813,450,495	295,632,592
Less: Current maturity	15	150,240,000	150,000,000
		<u>663,210,495</u>	<u>145,632,592</u>
13 LONG TERM CERTIFICATES OF INVESTMENT - UNSECURED			
Local currency:			
Financial institutions		658,333,333	858,333,333
Corporate		19,000,340	13,642,940
Individuals		114,530,955	124,180,955
		791,864,628	996,157,228
Less: Current maturity	15	761,834,288	895,403,258
		<u>30,030,340</u>	<u>100,753,970</u>

	Note	31 December 2008 Rupees	30 June 2008 Rupees
14 LONG TERM BORROWINGS - SECURED			
Banking companies and other financial institutions:			
The Bank of Punjab		50,000,000	79,166,666
Faysal Bank Limited		75,000,000	83,333,333
Allied Bank Limited		50,000,000	50,000,000
Habib Bank Limited		58,333,335	66,666,668
Syndicated Term Finance		-	20,940,432
Saudipak Industrial & Agricultural Investment Company (Private) Limited		20,833,331	33,333,328
Standard Chartered Bank Limited		372,222,220	454,888,888
Atlas Bank Limited		175,000,000	200,000,000
		801,388,886	988,329,315
Less: Current portion shown under current liabilities	15	344,999,996	386,848,127
		456,388,890	601,481,188
15 CURRENT MATURITIES OF LONG TERM LIABILITIES			
Term finance certificates - secured	12	150,240,000	150,000,000
Certificates of investment - unsecured	13	761,834,288	895,403,258
Long term borrowings - secured	14	344,999,996	386,848,127
Long term deposits		275,712,592	215,914,768
Pre-IPO subscription of term finance certificates		-	90,000
		1,532,786,876	1,648,256,153
16 SHORT TERM BORROWINGS			
Banking companies and other financial institutions:			
Running finances - secured		358,225,955	332,216,672
Placements from financial institutions - unsecured		1,750,288,009	1,579,185,500
		2,108,513,964	1,911,402,172
17 TRADE AND OTHER PAYABLES			
Payable to National Clearing Company of Pakistan Limited		-	377,328
Customer's credit balances		-	47,689,653
Advance receipt against leases		12,128,826	20,206,853
Unclaimed dividend		3,187,809	3,221,681
Accrued liabilities		1,220,736	2,485,230
Other liabilities		27,525,358	7,170,817
		44,062,729	81,151,562

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 205.046 million (30 June 2008: Rs.182.342 million).

18.2 Commitments

18.2.1 Lease commitments approved but not disbursed as at balance sheet date amount to Rs. 33.741 million (30 June 2008: Rs. 123.142 million).

18.2.2 Commitment for the purchase of office space is given to Tricon Developers amounting to Rs.29.63 million (30 June 2008 :Rs. 29.63 million).

	Six months ended 31 December	
	2008	2007
	Rupees	Rupees
19 INCOME FROM LEASE OPERATIONS		
Finance lease income	222,128,217	139,894,356
Front end fee	314,389	698,954
Commitment and other fees	852,157	3,806,231
Miscellaneous	18,556,360	15,790,150
	241,851,123	160,189,691
20 (LOSS)/INCOME FROM INVESTMENTS		
(Loss)/Profit on disposal of investment held for trading	(26,291,196)	82,616,598
Profit on investment in continuous funding system	5,521,340	13,627,511
Profit on disposal of shares under reverse repurchase agreements	18,373,630	28,102,720
(Loss)/Profit on disposal of shares purchased under future contract	(121,344)	1,094,383
Profit on short term placements	15,607,882	13,541,731
Dividend income	7,735,200	8,460,580
Underwriting and trusteeship fee	1,216,326	238,125
Gain on disposal of investments available for sale	-	7,249,000
	22,041,838	154,930,648
21 EARNINGS PER SHARE - BASIC		
(Loss)/Profit for the year after taxation	Rupees (227,260,064)	28,500,938
Weighted average number of ordinary shares	Numbers 58,552,873	58,552,873
(Loss)/Earnings per share	Rupees (3.88)	0.49

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

22 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 are as follows:

	Six months ended 31 December		Year ended
	2008	2007	30 June 2008
	Rupees	Rupees	Rupees
Polygon Builders			
Amount due against term finances	-	-	25,550,000
Finance income charged during the period	2,364,691	-	90,650
Polygon Developers			
Amount due against term finances	195,000,000	-	-
Finance income charged during the period	8,642,500	-	-
Ahmed Khalil			
Amount due against term finances	10,000,000	-	15,000,000
Finance income charged during the period	791,568	-	1,010,411
Allied Developers			
Amount due against term finances	29,500,000	-	29,500,000
Deposit against lease arrangements	2,676,820	-	1,353,205
Tricon Developers (Partnership Concern)			
Advance for purchase of office space	97,379,318	67,742,134	97,379,318
Amount due against leases	4,682,780	-	1,978,989
Finance income charged during the period	307,991	-	21,077
Deposit against lease arrangements	501,350	-	200,650
Union Communications (Private) Limited			
Communication services	415,969	339,061	838,441
Employees' retirement fund			
Payment made	1,041,803	5,432,611	6,275,538

23 AUTHORIZATION

This condensed interim financial information is authorized for issue on 27 February 2009 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited & Subsidiary

Condensed Interim Consolidated Financial Statements
for the six months ended December 31, 2008

Trust Investment Bank Limited

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 31 December 2008

	Note	31 December 2008 (Un-Audited) Rupees	30 June 2008 (Audited) Rupees
Non - current assets			
Fixed assets			
Property and equipment	6	121,585,158	124,078,819
Intangible asset		33,157,830	33,204,684
		154,742,988	157,283,503
Net investment in lease finance	7	1,949,201,896	3,420,843,454
Long term finances	8	407,742,878	563,347,630
Long term investments		189,108,700	279,992,000
Long term deposits		4,509,128	4,159,629
Long term advances		97,379,318	97,379,318
Deferred tax asset		58,622,055	55,366,202
		2,706,563,975	4,421,088,232
		2,861,306,963	4,578,371,735
Current assets			
Current maturities of non - current assets	9	2,540,108,198	1,210,646,914
Short term finances	10	413,269,183	384,634,120
Short term placements	11	182,148,558	500,425,308
Short term investments	12	207,401,946	569,891,145
Taxation - net		34,864,114	33,097,670
Markup accrued		68,749,398	37,070,524
Advances, prepayments and other receivables	13	701,253,344	681,939,159
Cash and bank balances	14	20,002,589	93,288,773
		4,167,797,330	3,510,993,613
		7,029,104,294	8,089,365,348
Equity and liabilities			
Share capital			
Reserves		585,528,729	585,528,729
		266,775,647	510,079,888
		852,304,376	1,095,608,617
Suplus on revaluation of assets			
		10,348,264	7,243,576
		862,652,640	1,102,852,193
(Deficit)/Surplus on revaluation of investments			
		(476,786,228)	(120,299,798)
Non - current liabilities			
Term finance certificates	15	663,210,495	145,632,592
Long term certificates of investment	16	30,030,340	100,753,970
Long term borrowings	17	456,388,890	601,481,188
Long term deposits		901,556,106	1,026,219,481
Pre- IPO subscription of Term Finance Certificates		-	449,910,000
Staff service costs		12,535,595	6,592,003
		2,063,721,426	2,330,589,234
Current liabilities			
Current maturities of long term liabilities	18	1,532,786,876	1,648,256,153
Short term certificates of investment		601,478,090	1,042,181,991
Short term borrowings	19	2,108,513,964	1,911,402,172
Markup accrued		153,047,080	93,231,841
Trade and other payables	20	183,690,446	81,151,562
		4,579,516,456	4,776,223,719
		6,643,237,882	7,106,812,953
Contingencies and commitments			
	21	7,029,104,294	8,089,365,348

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 12.3.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the six months ended 31 December 2008

	Note	Quarter ended		Six months period ended	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
		(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees	(Un-audited) Rupees
Revenue					
Income from lease operations	22	79,112,873	52,100,942	241,851,123	160,189,691
(Loss)/Income from investments	23	(5,424,403)	120,212,085	22,041,838	154,930,648
Income from term finances		45,718,673	7,911,736	94,122,249	12,411,618
Income from brokerage		21,797,174	12,647,523	45,502,049	23,489,567
Other income		4,336,343	59,548,726	6,785,248	83,306,308
		145,540,659	252,421,012	410,302,506	434,327,832
Expenditure					
Finance cost		270,484,488	126,525,900	468,396,477	249,454,487
Administrative and operating expenses		56,927,381	48,284,514	113,445,262	95,958,746
Depreciation and amortization		4,621,189	4,334,683	9,350,330	8,552,526
Other charges		1,612,421	989,290	2,418,880	1,020,487
		333,645,479	180,134,387	593,610,949	354,986,246
Operating profit / (loss)		(188,104,820)	72,286,625	(183,308,443)	79,341,586
Provision for miscellaneous receivables and potential lease losses		(56,906,331)	(32,350,727)	(60,063,126)	(35,350,727)
(Deficit) / surplus on revaluation of held for trading investments		-	(21,002,896)	-	(8,489,921)
		(56,906,331)	(53,353,623)	(60,063,126)	(43,840,648)
(Loss)/Profit before taxation		(245,011,151)	18,933,002	(243,371,569)	35,500,938
Provision for taxation		(774,141)	(6,000,000)	(83,837)	(7,000,000)
(Loss)/Profit after taxation		(245,785,292)	12,933,002	(243,455,406)	28,500,938
(Loss)/Earnings per share - basic and diluted	24	(4.20)	0.22	(4.16)	0.49

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information. The details of valuation of investments, impairment and impact on profit and loss account are given in note 12.3.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the six months ended 31 December 2008

	31 December 2008 Rupees	31 December 2007 Rupees
Cash flows from operating activities		
Profit before taxation	(243,371,569)	35,500,938
Adjustments for non cash items:		
Depreciation	9,350,330	8,552,526
Amortization of transaction costs of term finance certificates	2,222,487	2,118,970
Provision for staff service costs	6,985,394	6,000,000
Provision for doubtful receivables	(60,063,126)	35,350,727
Lease receivables written off	2,418,880	1,020,487
Finance cost	468,396,477	249,454,487
Profit on sale of property and equipment	(3,091,411)	(78,753,143)
Diminution/(Surplus) on revaluation of held for trading investments	-	8,489,921
Gain on sale of available for sale investments	-	(7,249,000)
	426,219,031	224,984,975
Operating profit before working capital changes	182,847,462	260,485,913
Changes in operating assets and liabilities		
(Increase) / decrease in:		
Long term investments	90,883,300	155,861,522
Short term placements	318,276,750	(84,558,407)
Markup accrued	(31,678,874)	(11,920,063)
Advances, prepayments and other receivables	(65,903,277)	(265,228,098)
Long term and short term finances	18,966,184	(263,825,802)
Net investment in lease finance	316,167,045	(228,595,753)
Purchase of investments available for sale	(34,543,430)	(156,501,777)
Certificates of investment	(644,996,501)	664,665,087
Long term deposits	(64,865,551)	106,832,564
	(97,694,354)	(83,270,727)
Increase in trade and other payables	102,538,884	(11,248,839)
	4,844,530	(94,519,566)
Cash (used in) / generated from operations	187,691,992	165,966,347
Financial charges paid	(408,581,238)	(215,875,680)
Taxes paid	(1,766,444)	(2,824,788)
Staff service costs paid	(1,041,802)	(5,417,267)
	(411,389,485)	(224,117,735)
Net cash (used in) / generated from operating activities	(223,697,493)	(58,151,388)
Cash flows from investing activities		
Purchase of property and equipment	(22,963,623)	(74,904,880)
Long term deposits	(349,500)	(220,000)
Sale proceeds of investments	60,863,016	63,550,950
Sale proceeds of fixed assets	3,913,970	44,028,000
Net cash generated from / (used in) investing activities	41,463,864	32,454,070
Cash flows from financing activities		
Long and short term borrowings	(186,940,429)	(269,018,235)
Issue of term finance certificates	150,000,000	450,000,000
Redemption of term finance certificates	(75,000,000)	(120,000,000)
Dividends paid	-	(69,127,521)
Net cash generated from / (used in) financing activities	(111,940,429)	(8,145,756)
Net increase in cash and cash equivalents	(294,174,058)	(33,843,074)
Cash and cash equivalents at the beginning of the year	(44,049,307)	(10,206,233)
Cash and cash equivalents at the end of the year	(338,223,365)	(44,049,307)

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the six months ended 31 December 2008

	Share capital	Share premium	Statutory reserve	General reserve	Un-appropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 1 July 2007	468,422,983	70,714,920	176,801,731	61,000,000	239,124,294	1,016,063,928
Final dividend for 2007 paid @ 15% (Rs 1 per share)	-	-	-	-	(70,263,447)	(70,263,447)
Bonus shares issued for 2007 @ 25%	117,105,746	(70,714,920)	-	-	(46,390,826)	-
Net profit for the period	-	-	-	-	28,500,938	28,500,938
Transfer to statutory reserve	-	-	5,700,188	-	(5,700,188)	-
Balance as at 31 December 2007	585,528,729	-	182,501,919	61,000,000	145,270,771	974,301,419
Transfer from surplus on revaluation of fixed assets	-	-	-	-	25,194	25,194
Net profit for the period	-	-	-	-	121,282,004	121,282,004
Transfer to statutory reserve	-	-	24,256,399	-	(24,256,399)	-
Balance as at 30 June 2008	585,528,729	-	206,758,318	61,000,000	242,321,570	1,095,608,617
Transfer from surplus on revaluation of fixed assets	-	-	-	-	151,165	151,165
Net loss for the period	-	-	-	-	(243,455,406)	(243,455,406)
Balance as at 31 December 2008	585,528,729	-	206,758,318	61,000,000	(982,671)	852,304,376

The annexed notes 1 to 24 form an integral part of this condensed interim consolidated financial information.

CHIEF EXECUTIVE

DIRECTOR

Trust Investment Bank Limited

Selected Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the six months ended 31 December 2008

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company – Trust Investment Bank Limited

Subsidiary Company – Trust Capital (Private) Limited

Trust Investment Bank Limited

Trust Investment Bank Limited ('the company') was incorporated in 1992 as a public limited company under the Companies Ordinance, 1984. It is listed on all the three stock exchanges of Pakistan. The company is classified as a Non-Banking Finance Company (NBFC) and is regulated by the Securities and Exchange Commission of Pakistan (SECP). It is mainly engaged in the business of investment finance services and leasing. The registered office of the company is situated at 23-D/1-A, Gulberg III, Lahore.

Trust Capital (Private) Limited

Trust Capital (Private) Limited is a wholly owned subsidiary of Trust Investment Bank Limited. It has been incorporated in 2008 to comply with the directives of SECP requiring the establishment of a separate entity for undertaking brokerage business. The brokerage business was previously part of Trust Investment Bank Limited, and has been transferred to Trust Capital (Private) Limited with effect from 01 July 2008.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements are un-audited and are being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and IAS 27 'Consolidated and Separate Financial Statements' as applicable in Pakistan and notified by SECP.

The condensed interim consolidated financial statements have been prepared under the historical cost convention, except for held for trading investments and available for sale investments which have been recognised at fair value.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim consolidated financial statements are the same as applied by the Holding Company in the preparation of its preceding annual published financial statements for the year ended 30 June 2008 which currently coincide with the Subsidiary Company accounting policies.

4 CONSOLIDATION

These condensed interim consolidated financial statements include the financial statements of both the Holding Company and the Subsidiary Company.

Subsidiary Company is an entity in which the Holding Company owns, directly or indirectly, more than 50% of its voting securities or otherwise has the power to elect or appoint more than 50% of its directors. 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 held by the Holding Company is eliminated against the Holding Company's share in the paid-up capital of the Subsidiary Company.

Intra-group transactions and balances have been eliminated.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Holding Company's financial statements for the year ended 30 June, 2008.

		31 December 2008	
		Additions cost	Disposal book value
Note		Rupees	Rupees
6	FIXED ASSETS		
	Property and equipment		
	Lease hold improvements	6,464,569	-
	Office equipment and machines	7,109,380	-
	Furniture and fixtures	1,738,226	11,710
	Air conditioning equipment	764,711	-
	Vehicles	6,886,737	1,442,903
		22,963,623	1,454,613
		31 December 2008 Rupees	30 June 2008 Rupees
7	NET INVESTMENT IN LEASE FINANCE		
	Lease payments receivable	4,050,198,061	4,420,396,057
	Add: Residual value	1,168,977,455	1,223,377,097
	Gross investment in leases	5,219,175,516	5,643,773,154
	Less: Unearned finance income	630,846,333	767,135,109
	Income suspended	166,070,269	138,212,086
	Provision for potential lease losses	187,059,401	113,042,667
		983,976,003	1,018,389,862
	Net investment in lease finance	4,235,199,513	4,625,383,292
	Less: Current portion of net investment in lease finance 9	2,285,997,617	1,204,539,838
		1,949,201,896	3,420,843,454

31 December 2008				
	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	2,637,296,414	2,581,879,102	-	5,219,175,516
Less: Unearned finance income	351,298,797	279,547,536	-	630,846,333
	2,285,997,617	2,302,331,566	-	4,588,329,183

30 June 2008				
	Not later than one year	Later than one year and not later than five years	Later than five years	Total
	Rupees	Rupees	Rupees	Rupees
Gross investment	1,604,856,731	4,038,916,423	-	5,643,773,154
Less: Unearned finance income	400,316,893	366,818,216	-	767,135,109
	1,204,539,838	3,672,098,207	-	4,876,638,045

	Note	31 December 2008 Rupees	30 June 2008 Rupees
8 LONG TERM FINANCES			
Employees - considered good		24,758,803	24,223,751
Others			
Secured - considered good		636,794,656	544,930,955
Unsecured - considered good		300,000	300,000
		661,853,459	569,454,706
Less : current maturity	9	254,110,581	6,107,076
		407,742,878	563,347,630

9 CURRENT MATURITIES OF NON-CURRENT ASSETS

Long term finances	8	254,110,581	6,107,076
Net investment in lease finance	7	2,285,997,617	1,204,539,838
		2,540,108,198	1,210,646,914

10 SHORT TERM FINANCES

Employees - considered good		469,183	804,120
Other:			
Secured - considered good		412,800,000	383,830,000
Secured - considered doubtful		650,000	650,000
Less: Provision against doubtful finance		(650,000)	(650,000)
		413,269,183	384,634,120

	31 December 2008	30 June 2008
	Rupees	Rupees
11 SHORT TERM PLACEMENTS - CONSIDERED GOOD		
Secured		
Continuous funding system	6,465,588	139,437,308
Securities purchased under reverse repurchase agreements	175,682,970	360,988,000
	182,148,558	500,425,308

Fair value of quoted securities held as collateral against lending on Continuous Funding System and Reverse Repurchase Agreement.

Quoted Shares	195,939,589	559,282,482
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These have been placed for a period upto one year.

12 SHORT TERM INVESTMENTS

	December 2008			June 2008		
	Held by Company	Given as collateral	Total	Held by Company	Given as Collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Investments at fair value through profit and loss account	-	-	-	73,742,791	24,528,702	98,271,493
Investments available for sale	32,805,059	174,596,887	207,401,946	162,347,671	309,271,982	471,619,653
	32,805,059	174,596,887	207,401,946	236,090,462	333,800,684	569,891,146

12.1 During the period the Company has reclassified its investment portfolio of listed securities as at 01 July 2008 valuing Rs 98.271 million from "Held for Trading" to "Available for sale" category.

(Un-audited)	(Audited)
31 December 2008	30 June 2008
Rupees	Rupees

12.2 Deficit on revaluation of investments

Available for sale

Listed shares and units	(476,786,228)	(120,299,798)
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12.3 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of 'floor mechanism' by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008. The equity securities have been valued at prices quoted on the KSE on 31 December 2008 without any adjustment as allowed by the Securities and Exchange Commission of Pakistan (SECP) circular No. Enf/D-III/Misc./1/2008 dated 29 January 2009.

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

International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (IAS 39) requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be transferred from equity to Profit and Loss Account.

In view of the floor mechanism as explained above and current economic conditions in the country, the management believes that these are 'rare circumstances' and the plunge in equity markets cannot be considered to be a fair reflection of equity values. Therefore recognition of impairment for 'Available for Sale' equity securities through Profit and Loss account will not reflect the correct financial performance of the Company.

The recognition of impairment loss in accordance with the requirements of IAS 39 would have had the following effect on these condensed interim financial information:

	31 December 2008 (Rupees)
Effect of Impairment Loss in Profit and Loss Account	476,694,655
Effect on Tax charge for the period	-
Decrease in profit for the period	476,694,655
Decrease in deficit on revaluation of Available for Sale securities	476,694,655
Decrease in Un-appropriated profit	476,694,655
Decrease in earning per share	8.14

	31 December 2008 Rupees	30 June 2008 Rupees
13 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Advance to employees-considered good	4,433	16,167
Advance against leases	66,983,136	98,118,169
Advance against purchase of fixed assets	800,000	5,023,459
Other advances - considered good	561,597	381,801
Initial transaction cost of term finance certificates	-	5,549,389
Receivable from Trust Capital (Private) Limited	484,497,706	410,780,744
Prepayments	6,679,020	9,843,933
Miscellaneous receivables from lessees	138,024,776	148,625,216
Other receivables-considered good	3,069,086	3,600,281
	701,253,344	681,939,159
13.1 Miscellaneous receivables from lessees		
Considered good	138,024,776	148,625,216
Considered doubtful		
Miscellaneous receivables from lessees	52,489,092	67,144,071
Less: Provision against doubtful receivables	(52,489,092)	(67,144,071)
	-	-
	138,024,776	148,625,216

	Note	31 December 2008 Rupees	30 June 2008 Rupees
14 CASH AND BANK BALANCES			
Cash in hand		2,076,782	1,175,600
With banks in:			
Deposit accounts		232,214	232,202
Current accounts		17,693,594	91,880,971
		17,925,808	92,113,173
		20,002,590	93,288,773
15 TERM FINANCE CERTIFICATES (TFC) - SECURED			
TFC II-1st Tranche		75,000,000	112,500,000
TFC II-2nd Tranche		150,000,000	187,500,000
TFC III		600,000,000	-
		825,000,000	300,000,000
Less: Unamortized portion of the initial transaction cost		11,549,505	4,367,408
		813,450,495	295,632,592
Less: Current maturity	18	150,240,000	150,000,000
		663,210,495	145,632,592
16 LONG TERM CERTIFICATES OF INVESTMENT - UNSECURED			
Local currency:			
Financial institutions		658,333,333	858,333,333
Corporate		19,000,340	13,642,940
Individuals		114,530,955	124,180,955
		791,864,628	996,157,228
Less: Current maturity	18	761,834,288	895,403,258
		30,030,340	100,753,970
17 LONG TERM BORROWINGS - SECURED			
Banking companies and other financial institutions:			
The Bank of Punjab		50,000,000	79,166,666
Faysal Bank Limited		75,000,000	83,333,333
Allied Bank Limited		50,000,000	50,000,000
Habib Bank Limited		58,333,335	66,666,668
Syndicated Term Finance		-	20,940,432
Saudipak Industrial & Agricultural Investment Company (Private) Limited		20,833,331	33,333,328
Standard Chartered Bank Limited		372,222,220	454,888,888
Atlas Bank Limited		175,000,000	200,000,000
		801,388,886	988,329,315
Less: Current portion shown under current liabilities	18	344,999,996	386,848,127
		456,388,890	601,481,188

	Note	31 December 2008 Rupees	30 June 2008 Rupees
18	CURRENT MATURITIES OF LONG TERM LIABILITIES		
	Term finance certificates - secured	15 150,240,000	150,000,000
	Certificates of investment - unsecured	16 761,834,288	895,403,258
	Long term borrowings - secured	17 344,999,996	386,848,127
	Long term deposits	275,712,592	215,914,768
	Pre-IPO subscription of term finance certificates	-	90,000
		1,532,786,876	1,648,256,153
19	SHORT TERM BORROWINGS		
	Banking companies and other financial institutions:		
	Running finances - secured	358,225,955	332,216,672
	Placements from financial institutions - unsecured	1,750,288,009	1,579,185,500
		2,108,513,964	1,911,402,172
20	TRADE AND OTHER PAYABLES		
	Payable to National Clearing Company of Pakistan Limited	-	377,328
	Customer's credit balances	135,562,311	47,689,653
	Advance receipt against leases	12,128,826	20,206,853
	Unclaimed dividend	3,187,809	3,221,681
	Accrued liabilities	2,326,568	2,485,230
	Other liabilities	30,484,931	7,170,817
		183,690,446	81,151,562
21	CONTINGENCIES AND COMMITMENTS		
	21.1 Contingencies		
	The Company has issued guarantees to various parties on behalf of clients amounting to Rs. 205.046 million (30 June 2008: Rs.182.342 million).		
	21.2 Commitments		
	21.2.1 Lease commitments approved but not disbursed as at balance sheet date amount to Rs. 33.741 million (30 June 2008: Rs. 123.142 million).		
	21.2.2 Commitment for the purchase of office space is given to Tricon Developers amounting to Rs.29.63 million (30 June 2008 :Rs. 29.63 million).		

		Six months ended 31 December	
		2008	2007
		Rupees	Rupees
22	INCOME FROM LEASE OPERATIONS		
	Finance lease income	222,128,217	139,894,356
	Front end fee	314,389	698,954
	Commitment and other fees	852,157	3,806,231
	Miscellaneous	18,556,360	15,790,150
		241,851,123	160,189,691
23	(LOSS)/INCOME FROM INVESTMENTS		
	(Loss)/Profit on disposal of investment held for trading	(26,291,196)	82,616,598
	Profit on investment in continuous funding system	5,521,340	13,627,511
	Profit on disposal of shares under reverse repurchase agreements	18,373,630	28,102,720
	(Loss)/Profit on disposal of shares purchased under future contract	(121,344)	1,094,383
	Profit on short term placements	15,607,882	13,541,731
	Dividend income	7,735,200	8,460,580
	Underwriting and trusteeship fee	1,216,326	238,125
	Gain on disposal of investments available for sale	-	7,249,000
		22,041,838	154,930,648
24	EARNINGS PER SHARE - BASIC		
	(Loss)/Profit for the year after taxation	Rupees (243,455,406)	28,500,938
	Weighted average number of ordinary shares	Numbers 58,552,873	58,552,873
	(Loss)/Earnings per share	Rupees (4.16)	0.49

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

25 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 are as follows:

	Six months ended 31 December		Year ended
	2008	2007	30 June 2008
	Rupees	Rupees	Rupees
Polygon Builders			
Amount due against term finances	-	-	25,550,000
Finance income charged during the period	2,364,691	-	90,650
Polygon Developers			
Amount due against term finances	195,000,000	-	-
Finance income charged during the period	8,642,500	-	-
Ahmed Khalil			
Amount due against term finances	10,000,000	-	15,000,000
Finance income charged during the period	791,568	-	1,010,411
Allied Developers			
Amount due against term finances	29,500,000	-	29,500,000
Deposit against lease arrangements	2,676,820	-	1,353,205
Tricon Developers (Partnership Concern)			
Advance for purchase of office space	97,379,318	67,742,134	97,379,318
Amount due against leases	4,682,780	-	1,978,989
Finance income charged during the period	307,991	-	21,077
Deposit against lease arrangements	501,350	-	200,650
Union Communications (Private) Limited			
Communication services	415,969	339,061	838,441
Employees' retirement fund			
Payment made	1,041,803	5,432,611	6,275,538

26 AUTHORIZATION

These condensed interim consolidated financial statements have been authorized for issue on 27 February, 2009 by the Board of Directors of the Holding Company.

27 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR