

**Consolidated Financial Statements
For the year ended June 30, 2009**

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of **IGI Investment Bank Limited** and its subsidiary companies, IGI Finex Securities Limited and IGI Funds Limited as at June 30, 2009 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of IGI Investment Bank Limited, IGI Finex Securities Limited and IGI Funds Limited. 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 tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of IGI Investment Bank Limited and its subsidiary companies as at June 30, 2009 and the results of their operations for the year then ended.

A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Salman Hussain
Dated: August 27, 2009
Karachi

Consolidated Balance Sheet

As at June 30, 2009

	Note	2009 (Rupees in thousand)	2008
ASSETS			
Non-current assets			
Fixed assets	4	313,820	358,189
Long-term loans and advances - net	5	162,683	331,258
Long term investments	6	98,932	62,782
Investment in associates	7	563,869	261,259
Net investment in finance lease	8	843,382	1,467,961
Long-term deposits and other receivables	9	15,333	13,597
Deferred tax asset - net	10	202,710	84,984
		2,200,729	2,580,030
Current assets			
Current maturity of long-term loans and advances - net	5	196,258	209,393
Current maturity of net investment in finance lease	8	985,714	990,043
Short-term loans and advances - net	11	405,980	410,691
Lendings - secured	12	48,600	1,025,513
Receivable against continuous funding system transactions	13	-	483,912
Short-term investments	14	1,928,111	2,022,195
Taxation - net		265,762	248,337
Advances, deposits and prepayments	15	18,494	74,862
Interest, mark-up and profit accrued	16	51,265	65,351
Trade debts - net	17	288,590	1,438,913
Receivable against sale of securities	18	2,857	778,234
Other receivables - net	19	24,719	36,787
Cash and bank balances	20	216,952	974,845
		4,433,302	8,759,076
Total assets		6,634,031	11,339,106
EQUITY & LIABILITIES			
Capital and reserves			
Share capital	21	2,121,025	2,121,025
Reserves	22	115,145	136,831
Accumulated losses		(633,987)	(95,011)
		1,602,183	2,162,845
Minority interest	23	45	23,384
		1,602,228	2,186,229
Deficit on revaluation of investments - net	24	(12,133)	(60,231)
Non-current liabilities			
Term finance certificates	25	186,330	310,160
Long-term finance	26	66,667	408,333
Long-term certificates of deposit	27	165,130	471,898
Long-term deposits on lease contracts	28	271,464	418,221
Liabilities against assets subject to finance lease	29	1,500	1,917
		691,091	1,610,529
Current liabilities			
Current maturity of term finance certificates	25	124,950	124,950
Current maturity of long-term finance	26	341,666	481,667
Current maturity of long-term certificates of deposit	27	243,411	319,784
Current maturity of deposits on lease contracts	28	253,074	156,283
Current maturity of liabilities against assets subject to finance lease	29	417	359
Short-term finance - secured	30	518,468	826,061
Short-term certificates of deposit	31	2,248,334	2,683,477
Borrowings from financial institutions	32	225,868	1,559,109
Interest and mark-up accrued	33	143,173	171,714
Payable against purchase of securities - secured		74,647	65,410
Accrued expenses and other liabilities	34	178,837	1,213,765
		4,352,845	7,602,579
		5,043,936	9,213,108
Total liabilities		6,634,031	11,339,106
Total equity and liabilities		6,634,031	11,339,106
Contingencies and commitments	35		

The annexed notes 1 to 61 form an integral part of these financial statements.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Consolidated Profit and Loss Account
For the Year Ended June 30, 2009

	Note	2009 (Rupees in thousand)	2008
Income			
Income from investments	36	259,646	246,467
Income from loans and advances	37	127,003	119,709
Income from lease finance	38	267,667	231,396
Income from lendings and continuous funding system transactions	39	109,457	173,133
Remuneration from funds under management	40	29,476	38,577
Income from fees, commission and brokerage	41	111,434	204,428
		904,683	1,013,710
Finance costs	42	700,076	601,660
		204,607	412,050
Administrative and general expenses	43	616,960	523,708
		(412,353)	(111,658)
Other operating income	45	101,552	62,129
		(310,801)	(49,529)
Other operating expenses	46	5,816	24,853
Operating loss before provisions and share of profit in associates		(316,617)	(74,382)
Provision for bad and doubtful loans and advances / potential lease losses - general - net	5.8 & 8.4	(1,276)	(5,257)
Provision for bad and doubtful loans and advances / lease losses - specific - net	5.8, 8.4 & 11.2	(117,639)	(23,915)
		(118,915)	(29,172)
Impairment against investments:			
- fund placements and debt security	14.1	(99,000)	-
- equity securities			
- equity securities sold during the year	24.1	(135,287)	-
- equity securities and units of mutual funds held as at year end	24.1	(40,211)	-
		(175,498)	-
		(274,498)	-
		(710,030)	(103,554)
Share of profit in associates	7.1	53,792	-
Loss before taxation		(656,238)	(103,554)
Taxation - net	47	109,737	30,911
Loss after taxation		(546,501)	(72,643)
Loss attributable to minority interest	23	7,525	14,071
Loss attributable to shareholders		(538,976)	(58,572)
		(538,976)	(58,572)
		Rupees	
Loss per share	48	(2.54)	(0.54)

The annexed notes 1 to 61 form an integral part of these financial statements.

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Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Consolidated Cash Flow Statement

For the Year Ended June 30, 2009

	Note	2009 (Rupees in thousand)	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	51	198,823	(555,769)
Repayment / (disbursements) of long-term loans - net		150,863	54,325
Net investment in finance lease		570,840	(317,745)
Long-term deposits and prepayments		(1,736)	(7,291)
Issuance / (Repayments) of long-term certificates of deposit - net		(383,141)	(95,689)
Receipts from deposits on lease contracts - net		(49,966)	59,276
Interest, mark-up and profit received		708,913	661,894
Dividend received		6,448	20,912
Financial cost paid		(728,617)	(533,175)
Income tax paid		(26,773)	(52,554)
Gratuity paid		(3,451)	(1,622)
Net cash generated from / (used in) operating activities		442,203	(767,438)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(33,907)	(99,341)
Proceeds from disposal of fixed assets		21,590	8,892
Purchase of shares from minority interest		(37,500)	-
Investment in associates		(199,560)	-
Net cash outflow on investing activities		(249,377)	(90,449)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term finance certificates		(124,950)	(62,636)
Lease rental paid		(359)	(2,232)
Proceeds from issue of right shares		-	1,198,841
Long-term finance - net		(481,667)	(313,335)
Long term investments		(36,150)	-
Share issue costs paid		-	(15,675)
Payment of dividend		-	(31)
Net cash (outflow on) / inflow from financing activities		(643,126)	804,932
Net increase in cash and cash equivalents		(450,300)	(52,955)
Cash and cash equivalents at the beginning of the year		148,784	201,739
Cash and cash equivalents at the end of the year	52	(301,516)	148,784

The annexed notes 1 to 61 form an integral part of these financial statements.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Consolidated Statement of Changes in Equity

For the Year Ended June 30, 2009

	Issued, subscribed and paid-up capital	Reserve arising on acquisition of minority interest - Capital reserve	Statutory reserve	General reserve	Accumulated losses	Total reserves	Minority interest	Total
----- (Rupees in thousand) -----								
Balance as at June 30, 2007	922,184	-	97,098	55,408	(36,439)	116,067	19,863	1,058,114
Issue of right shares	1,198,841	-	-	-	-	-	-	1,198,841
Loss after taxation for the year ended June 30, 2008	-	-	-	-	(72,643)	(72,643)	-	(72,643)
Loss attributable to minority interest	-	-	-	-	14,071	14,071	(14,071)	-
Transfer of resources to the minority shareholders consequent to the right issue in IGI Funds Limited	-	-	-	-	-	-	17,592	17,592
Share issue cost *	-	-	-	(15,675)	-	(15,675)	-	(15,675)
Balance as at June 30, 2008	2,121,025	-	97,098	39,733	(95,011)	41,820	23,384	2,186,229
Loss after taxation for the year ended June 30, 2009	-	-	-	-	(546,501)	(546,501)	-	(546,501)
Loss attributable to minority interest	-	-	-	-	7,525	7,525	(7,525)	-
Acquisition of shareholding by IGI BANK from minority shareholders	-	(21,686)	-	-	-	(21,686)	(15,814)	(37,500)
Balance as at June 30, 2009	2,121,025	(21,686)	97,098	39,733	(633,987)	(518,842)	45	1,602,228

* Transaction costs incurred in connection with the issue of shares have been accounted for as deduction from general reserve in accordance with the requirements of the relevant International Accounting Standard.

The annexed notes 1 to 61 form an integral part of these financial statements.

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Chairman

S. JAVED HASSAN
Managing Director & Chief Executive