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## COMPANY INFORMATION

Board of Directors	Syed Babar Ali, Chairman Mr. Samir Ahmed, Managing Director & Chief Executive Syed Javed Hassan Mr. Khalid Yacob Mr. Farid Khan Mr. Tawfiq H. Chinoy Mr. Arif Faruque
Audit Committee	Mr. Khalid Yacob, Chairman Mr. Farid Khan Syed Javed Hassan
Chief Financial Officer	Mr. Abdul Wahid
Company Secretary	Mr. Akbar Ali Tejani
Auditors	M/s A.F. Ferguson & Co. Chartered Accountants
Legal Advisors	M/s Hassan & Hassan, Advocates M/s Mohsin Tayebaly & Co., Advocate & Legal Consultants M/s Orr, Dignam & Co., Advocates
Bankers	Allied Bank Limited Atlas Bank Limited Bank Al Habib Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited My Bank Limited NIB Bank Limited Soneri Bank Limited United Bank Limited
Shares Registrar	Noble Computer Services (Private) Limited Sohni Centre BS 5 & 6, Main Karimabad, Block 4, Federal B. Area Karachi. Telephones: (021) 680-1880 - 82 Fax: (021) 680-1129
Lahore (Registered) Office	5 F.C.C., Ground Floor, Syed Maratib Ali Road, Gulberg, Lahore. Telephones: (042) 111-234-234, 575-3414 - 16 Fax: (042) 111-567-567, 576-2790
Karachi Office	7 <sup>th</sup> Floor, The Forum, Suite Nos. 701 - 713 G-20, Block 9, Khayaban-e-Jami, Clifton Karachi – 75600, Pakistan. Telephones: (021) 111-234-234 Fax: (021) 111-567-567
Islamabad Office	Mezzanine Floor, Razia Sharif Plaza, 90, Blue Area, G / 7, Islamabad. Telephones: (051) 111-234-234, 2275256-58 Fax: (051) 227-3861
Faisalabad Office	9 <sup>th</sup> Floor, State Life Building, Faisalabad. Telephones: (041) 254-0811 - 14 Fax: (041) 254-0815
Multan Office	Mezzanine Floor, Abdali Tower, Abdali Road, Tel: (061) 4500180 - 81 Fax: (061) 4784403
Gujranwala Office	Anwar Industries Complex, Block B-1, G.T. Road, Gujranwala.
Peshawar Office	Mall Tower, 2 <sup>nd</sup> Floor, 35 The Mall, Peshawar. Tel: (091) 5253980-88 Fax: (091) 5253989
Universal Access No.	Tel: 111-234-234 Fax: 111-567-567
Website	<a href="http://www.igiinvestmentbank.com.pk">www.igiinvestmentbank.com.pk</a>
Email	<a href="mailto:contact.center@igi.com.pk">contact.center@igi.com.pk</a>

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## DIRECTORS' REVIEW

The Directors of IGI Investment Bank Limited present herewith the un-audited financial statements for the third quarter ended March 31, 2009.

The overall economic and financial systems have gone through a period of extreme stress, both domestically and internationally. Business volumes in all areas of operations were down significantly.

In this scenario we took the required steps to cut down our administrative costs and to maintain liquidity. This strategy helped us to maintain strict financial discipline and we were able to meet all our commitments and obligations fully and on time. In many ways the last few months were an opportunity for us to demonstrate our financial strength and enhance our stature and reputation.

Your company ended the third quarter with an after tax loss of Rs. 259.85 million for the nine months period ended March 31, 2009 as compared to a Profit of Rs. 3.09 million in the corresponding period of the last year. The company has reported an after tax loss of Rs. 81.12 million for the quarter ended March 31, 2009 as compared to after tax profit of Rs. 14.97 million in the corresponding period. The major shift in the bottom line is due to the recognition of the impairment in value of Rs 171.26 million in the equity and mutual fund investment portfolio for the nine months ended March 31, 2009. While the regulator requires us to provide for only 25% of the impairment per quarter but as a matter of prudence we have decided to provide for 100% of the impairment. In addition to this the company has also made a provision of Rs. 44.83 million against its debt investments portfolio. The extra cautious provisioning will give us an additional cushion and a safety margin for the future in case market volatility continues.

The financial highlights for the nine months period ended March 31, 2009 are as follows:

	March 31, 2009	March 31, 2008	Increase / (Decrease)	
Rupees in thousands			%	
<b>INCOME</b>				
Income from Investments	109,773	142,875	(33,102)	(23.17)
Income from Finance	102,956	88,253	14,703	16.66
Income from Leases	217,917	166,580	51,337	30.82
Income from fund Placements	151,823	90,505	61,318	67.75
Fees, Commission & Brokerage	34,158	35,997	(1,839)	(5.11)
<b>Total</b>	<b>616,627</b>	<b>524,210</b>	<b>92,417</b>	<b>17.63</b>
<b>EXPENDITURE</b>				
Finance Cost	514,212	418,238	95,974	22.95
Administrative and operating expenses	150,963	161,088	(10,125)	(6.29)

Our income from investments decreased from Rs. 142.88 million to Rs. 109.77 million to mark a decrease of 23.17%. The increase of 16.66% in income from term finance from Rs. 88.25 million to Rs.102.96 million was complimented by the increase of 30.82% in lease financing from Rs. 166.58 million to Rs. 217.92 million. There was a marginal decrease of 5.11% in income from fund placement from 36 million to Rs. 34.16 million.

The total assets of your company decreased to Rs. 6.452 billion as at March 31, 2009 compared with Rs. 9.831 billion as at June 30, 2008. The shrinkage of the balance sheet was also a response to the crisis-like conditions prevailing in the financial markets. We have reduced our exposure in most asset classes including CFS transactions, short terms investments and term lending & lease finance.

The above figures do not incorporate the figures of IGI Finex Securities Limited and IGI Funds Limited, which are reflected in consolidated financial statements.

While there are some signs that the economic scenario is improving, we are maintaining a cautious stance for the near term. However we would like to emphasize that our long term strategy remains intact. We have made considerable progress in the last few years in all areas and this momentum will continue. We shall continue to rely heavily on the quality of our human resource and our financial strength in our aim to become Pakistan's premier investment banking firm.

We are grateful to our valued customers and business partners, whose custom and support have been invaluable. We also take this opportunity to place on record our appreciation of the devotion, loyalty and continued hard work of the employees.

For and on behalf of the Board.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

Karachi: April 25, 2009

**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT MARCH 31, 2009**

	Note	Unaudited March 31, 2009	Audited June 30, 2008
-----Rupees in '000-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property and equipment	4	87,670	104,369
Intangible assets	4	6,481	7,683
		94,151	112,052
Long-term investments	5	880,011	842,511
Long-term loans - net		262,168	347,839
Net investment in finance lease		1,034,269	1,467,961
Long-term deposits		5,220	5,059
Deferred tax assets - net		58,725	58,725
		2,334,544	2,834,147
<b>Current assets</b>			
Current maturity of long term loans - net		463,303	208,085
Current maturity of net investment in finance lease		1,056,156	990,043
Short-term loans		155,570	410,691
Lendings		171,991	900,513
Receivable against continuous funding system transactions		-	360,468
Short-term investments	6	1,512,971	2,104,179
Taxation - net		246,622	237,428
Advances, deposits and prepayments		21,084	36,462
Interest, mark-up and profit accrued		67,215	57,549
Receivable against sale of securities		250,381	806,190
Other receivables - net		34,824	35,778
Cash and bank balances		136,971	849,863
		4,117,088	6,997,249
<b>TOTAL ASSETS</b>		<b>6,451,632</b>	<b>9,831,396</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated losses		(273,386)	(13,541)
		1,984,470	2,244,315
Surplus / (deficit) on revaluation of investments - net	7	7,703	(62,069)
<b>Non-current liabilities</b>			
Term finance certificates		185,665	310,160
Long-term finance		175,001	408,333
Long-term certificates of deposit		162,293	471,898
Long-term deposits on lease contracts		310,472	418,221
		833,431	1,608,612
<b>Current liabilities</b>			
Current maturity of term finance certificates		124,950	124,950
Current maturity of long-term finance		391,666	481,667
Current maturity of long-term certificates of deposit		349,257	319,784
Current maturity of long-term deposits on lease contracts		236,973	156,283
Short-term finance		299,740	299,182
Short-term certificates of deposit		1,594,229	2,683,477
Borrowings from financial institutions		467,999	1,559,109
Interest and mark-up accrued		125,712	166,604
Payable against purchase of securities		-	65,410
Accrued expenses and other liabilities		35,502	184,072
		3,626,028	6,040,538
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,451,632</b>	<b>9,831,396</b>
Contingencies and commitments	8		

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009**

Note	Nine Months ended		Quarter ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
----- Rupees in '000 -----				
<b>INCOME</b>				
	9			
Income from investments	109,773	142,875	45,372	54,566
Income from loans	102,956	88,253	24,657	39,357
Income from lease finance	217,917	166,580	68,652	58,265
Income from fund placements	151,823	90,505	19,154	33,057
Income from fees, commission and brokerage	34,158	35,997	13,088	20,150
	616,627	524,210	170,923	205,395
Finance costs	514,212	418,238	150,643	133,875
	102,415	105,972	20,280	71,520
Administrative and general expenses	146,572	159,518	46,933	52,754
	(44,157)	(53,546)	(26,653)	18,766
Other operating income	25,953	36,306	9,833	6,290
	(18,204)	(17,240)	(16,820)	25,056
Other operating expenses	4,391	1,570	3,142	411
Operating loss before provisions	(22,595)	(18,810)	(19,962)	24,645
Provision for bad and doubtful loans / potential lease losses - general - net	1,253	3,755	65	1,602
Provision for bad and doubtful loans / potential lease losses - specific - net	17,743	19,866	7,833	8,497
	18,996	23,621	7,898	10,099
Impairment against investments				
- debt securities	6	(44,826)	-	-
- equity securities and units of mutual funds	6	(171,259)	(52,392)	-
(Loss) / profit before taxation	(257,676)	(42,431)	(80,252)	14,546
Taxation - net				
Current	(2,169)	-	(867)	-
Deferred	-	45,516	-	426
	(2,169)	45,516	(867)	426
(Loss) / profit after taxation	(259,845)	3,085	(81,119)	14,972
----- Rupees -----				
(Loss) / earnings per share	(1.23)	0.03	(0.38)	0.16

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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**CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009**

	Nine Months ended	
	March 31, 2009	March 31, 2008
	----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	(257,676)	(42,431)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	(2,547)	(14,396)
Depreciation on property & equipment	19,562	15,858
Amortisation of intangible assets	1,845	1,490
Amortisation of transaction cost on TFCs	840	-
Provision for staff gratuity scheme	926	1,602
Interest, mark-up and profit income	(564,902)	(388,829)
Dividend income	(5,011)	(50,159)
Finance cost	514,212	418,238
Provision for bad and doubtful loans / potential lease losses - general - net	1,253	3,755
Provision for bad and doubtful loans / lease losses - specific - net	17,743	19,866
	(16,079)	7,425
	(273,755)	(35,006)
(Increase) / decrease in current assets:		
Short-term loans	255,121	(17,021)
Lendings	728,522	-
Receivable against continuous funding system transactions	360,468	(654,888)
Short-term investments	660,980	246,311
Receivable against sale of securities	555,809	(212,969)
Advances, deposits, prepayments and other receivables	21,074	25,107
	2,581,974	(613,460)
Increase / (decrease) in current liabilities:		
Short-term certificates of deposit	(1,089,248)	420,649
Borrowings from financial institutions	(1,091,110)	410,467
Accrued expenses and other liabilities	(214,980)	127,967
	(2,395,338)	959,083
Cash generated from operations	(87,119)	310,617
Disbursements of long-term loans - net	(169,547)	(193,380)
Net investments in finance lease	348,583	(202,645)
Long-term deposits	(161)	(2,954)
(Repayment) / issuance of long-term certificates of deposit - net	(280,132)	153,439
Receipts from deposits on lease contracts - net	(27,059)	53,181
Interest, mark-up and profit received	555,236	369,301
Dividend received	5,011	66,937
Financial cost paid	(555,489)	(371,094)
Income tax paid	(11,363)	(17,685)
Gratuity paid	(4,742)	-
Net cash (used in) / generated from operating activities	(139,663)	(144,900)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure incurred	(14,360)	(34,053)
Long-term investment	(37,500)	-
Proceeds from disposal of fixed assets	13,475	32,058
Net cash (outflow on) / inflow from investing activities	(38,385)	(1,995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Term finance certificates	(124,950)	(61,663)
Long-term finance - net	(323,333)	(348,333)
Net cash outflow from financing activities	(448,283)	(409,996)
Net decrease in cash and cash equivalents	(713,450)	(246,274)
Cash and cash equivalents at the beginning of the period	550,681	269,889
Cash and cash equivalents at the end of the period	(162,769)	23,615
Cash and cash equivalents at the end of the period		
Cash and bank balances	136,971	23,805
Short-term finance	(299,740)	(190)
	(162,769)	23,615

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009**

	Issued, subscribed and paid-up capital	Statutory reserve	General reserve	Accumulated losses	Total
	----- Rupees in '000 -----				
Balance as at July 1, 2007	922,184	97,098	55,408	(7,155)	1,067,535
Profit after taxation for the nine months period ended March 31, 2008	-	-	-	3,085	3,085
Balance as at March 31, 2008	<u>922,184</u>	<u>97,098</u>	<u>55,408</u>	<u>(4,070)</u>	<u>1,070,620</u>
Balance as at July 1, 2008	2,121,025	97,098	39,733	(13,541)	2,244,315
Loss after taxation for the nine months period ended March 31, 2009	-	-	-	(259,845)	(259,845)
Balance as at March 31, 2009	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(273,386)</u>	<u>1,984,470</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009

1 □ LEGAL STATUS AND OPERATIONS □

IGI Investment Bank Limited ("IGI BANK") is a public limited company incorporated in Pakistan on February 7, 1990 under the Companies Ordinance, 1984. IGI BANK is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations). IGI BANK's shares are quoted on all the stock exchanges in Pakistan. The registered office of IGI BANK is situated at 5 F.C.C., Syed Maratib Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, the Forum, Suite Nos: 701 - 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of IGI BANK at 'A' and the short-term rating at 'A1'.

These condensed interim financial statements are the separate financial statements of IGI BANK. In addition to these condensed interim financial statements, condensed interim consolidated financial statements of IGI BANK and its subsidiary companies, IGI Finex Securities Limited and IGI Funds Limited, have also been prepared.

2 □ STATEMENT OF COMPLIANCE

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

2.2 □ 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 August 13, 2003 to Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the Securities and Exchange Commission of Pakistan through various circulars.

2.3 □ The classifications and provisioning requirements against non-performing assets have been considered in accordance with the applicable requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

3 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES □

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements.

#### 4 □ FIXED ASSETS □

The cost of additions and disposals to fixed assets during the period were as follows:

	Nine Months ended March 31, 2009		Nine Months ended March 31, 2008	
	Additions	Disposals / adjustments	Additions	Disposals / adjustments
	----- Rupees in '000 -----			
Property and equipment	13,717	10,874	30,458	7,274
Intangibles	643	-	3,542	30,000
			Unaudited March 31, 2009	Audited June 30, 2008
			----- Rupees in '000 -----	
			Note	

#### 5 LONG-TERM INVESTMENTS

Investment in subsidiary companies

IGI Finex Securities Limited (100% shareholding)

IGI Funds Limited (99.97% shareholding)

5.1	652,571	652,571
	227,440	189,940
	<u>880,011</u>	<u>842,511</u>

5.1 □ During the year, IGI Bank has made additional investments of Rs 37.5 million in IGI Funds Limited □ through the purchase of 3 million ordinary shares of IGI Funds Limited from one of the related party □ of the Bank at the rate of Rs 12.5 per share. The amount of investment made in IGI Funds Limited □ was approved by the shareholders of IGI Bank in their meeting held on June 14, 2007. The above □ investment in IGI Funds Limited was also approved by the Securities and Exchange Commission of □ Pakistan through its letter NBFC-II/DD/IGIFL/579/2008 dated July 30, 2008. Consequent to this □ additional investment, the shareholding percentage of IGI Bank in IGI Funds Limited has been □ increased to 99.97%.

	Note	Unaudited	Audited
		March 31, 2009	June 30, 2008
		----- Rupees in '000 -----	
<b>6 SHORT-TERM INVESTMENTS - NET</b>			
Held-to-maturity			
Commercial papers		-	172,243
Fund placements		415,000	100,000
Term deposit receipts		-	350,000
		415,000	622,243
Held-for-trading			
Pakistan Investment Bonds		47,383	47,212
Market treasury bills		-	433,531
		47,383	480,743
Available-for-sale			
Term finance certificates		315,182	330,223
Units of mutual funds		623,525	111,500
Shares / certificates and modaraba certificates		323,033	624,309
		1,261,740	1,066,032
Investment at cost		1,724,123	2,169,018
Less: Impairment against investments			
- debt securities		(44,826)	-
- equity securities and units of mutual funds	7.2	(171,259)	-
		(216,085)	-
		1,508,038	2,169,018
Surplus / (deficit) on revaluation taken to equity		4,933	(64,839)
Investment net of impairment and surplus / (deficit) on revaluation		<u>1,512,971</u>	<u>2,104,179</u>

		Unaudited March 31, 2009	Audited June 30, 2008
7 SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS - NET	Note	----- Rupees in '000 -----	
Net surplus / (deficit) on revaluation of:			
- government securities		(3,926)	(8,423)
- listed and unlisted term finance certificates	7.1	(18,014)	(1,111)
- mutual funds units		(64,785)	(1,790)
- quoted shares and certificates		(79,601)	(4,425)
- forward sale of quoted shares and certificates		-	(49,090)
		<u>(166,326)</u>	<u>(64,839)</u>
Amount of impairment losses on investment classified as available for sale			
- transferred to profit and loss account	7.2	171,259	-
		<u>4,933</u>	<u>(64,839)</u>
Related deferred tax asset - net		<u>2,770</u>	<u>2,770</u>
		<u><u>7,703</u></u>	<u><u>(62,069)</u></u>

7.1 Surplus / deficit in respect of listed debt securities has been determined based on the rates of these securities notified by Mutual Funds Association of Pakistan (MUFAP). These rates were notified based on the methodology specified by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. NBFCD/MF/CIRCULAR/2009-31 dated January 6, 2009.

7.2 IGI BANK has a net deficit of Rs 144.39 million (net of surplus on certain securities) on revaluation of its listed portfolio of equity shares and units of mutual funds classified as available for sale. IGI Bank has carried out a scrip wise analysis of the above deficit and has determined that out of the above amount, deficit amounting to Rs 171.26 million represents a significant decline in the fair value of such equity securities with reference to their cost and accordingly an impairment loss to this extent has been fully recognised in the profit and loss account for the nine months period ended March 31, 2009.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Taxation

(a) The provision for taxation has been computed by IGI BANK at the rate applicable to a public company. In the original assessments made by the Deputy Commissioner of Income Tax (DCIT), the rate for the assessment years 1991-1992 to 2000-2001 applied in computing the tax liability was that applicable to a banking company. However, in the appeals filed against the original assessments, the Commissioner of Income Tax (Appeals) [CIT(A)] directed the DCIT to apply the rate applicable to a public company. Subsequent to the order of CIT(A), the Income Tax Department filed appeals before the Income Tax Appellate Tribunal (ITAT) against the directions of CIT (A). The ITAT, in its decisions in respect of assessment years 1991-1992 to 1997-1998 held that investment banks are not banking companies and therefore the rate of tax applicable to a public company should be applied while determining the tax liability, whereas the departmental appeals for the remaining years are pending before the ITAT. Subsequent to the decision of ITAT for assessment years 1991-92 to 1997-98, the department had filed appeals against the ITAT orders before the honorable Lahore High Court which are pending to date.

In respect of the aforementioned matters the Federal Board of Revenue had given its consent to the proposal of Director General, LTU, Lahore to withdraw the appeals relating to the tax status of investment banks.

in the original assessment made by the DCIT for the assessment years 1995-96 to 2000-01, dividend income was taxed by applying the tax rate applicable to the business income of a banking company instead of applying the reduced tax rate of 5% as prescribed by the law. The CIT (A) and the ITAT through its various orders have confirmed that such income is taxable at the reduced rate of 5% in respect of assessment years 1995-96 to 1997-98. However the tax authorities have filed appeals against the orders of ITAT before the Lahore High Court which are pending to date. In similar appeals of other companies, the Lahore High Court has already decided the matter of taxation of dividend income against the taxation authorities. In addition to the above matters, the taxation authorities have also disallowed certain expenses and made additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses in respect of various assessment years against which IGI BANK has filed appeals before the CIT (A). The CIT (A) has deleted the majority of the additions against which the tax authorities have filed appeals before the ITAT which are currently pending.

- (b) Income tax return for tax year 2003 was filed and deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. However, by resorting to the powers given under section 177 of the Ordinance, the CIT had selected the aforementioned tax return for audit which was also confirmed by the Supreme Court in its decision dated March 1, 2006 under which the department was directed to issue fresh notices to IGI BANK in terms of Section 177 of the Ordinance disclosing criteria / reasons for selecting the above tax return for audit purposes. Pursuant to this order the department had selected tax year 2003 for audit and has consequently amended the assessment for the said year by making certain additions on account of depreciation on leased assets, provision for finance losses and other miscellaneous expenses. The company had preferred an appeal before the CIT (A) to agitate against the additions. The CIT (A) has decided the appeal by confirming certain additions. Against the appellate order of CIT (A), the Bank has filed an appeal before the ITAT. The Bank is confident that the additions confirmed by the CIT (A) will be deleted by the ITAT.

If the provision for taxation were to be made at the rate applicable to a banking company, taxation of dividend income as mentioned above and disallowance of expenses / add backs to income is decided against IGI BANK, the additional provision for all assessment years upto the tax year 2008 amounts to Rs 199 million (June 30, 2008: Rs 199 million). Based on the previous decisions, the management is confident that the eventual outcome of the above matters will be decided in favour of IGI BANK and the possibility of any liability arising is considered remote.

			Unaudited March 31, 2009	Audited June 30, 2008
			----- Rupees in '000 -----	
8.2	Claims not acknowledged as debt		81,750	81,750
8.3	Commitments			
	Commitments in respect of capital expenditure		-	1,200
	Commitments in respect of lease disbursements		31,000	307,408
	Commitments in respect of forward sale of securities		246,339	283,109
	Commitments in respect of continuous funding system transactions - receivable		-	142,010
	Commitments in respect of continuous funding system transactions - payable		-	32,233
		Nine Months ended	Quarter ended	
		March	March	March
		31, 2009	31, 2008	31, 2008
		----- Rupees in '000 -----		
9	INCOME FROM INVESTMENTS			
	Interest / mark-up / profit on investments	70,476	31,485	18,909
	Gain on disposal of investments	34,286	61,231	26,117
	Dividend income	5,011	50,159	346
		<u>109,773</u>	<u>142,875</u>	<u>45,372</u>
				<u>54,566</u>

10 □ TRANSACTIONS WITH RELATED PARTIES □

The company has related party relationship with its employee benefit plans, subsidiaries, group companies and its key management personnel. The transactions with related parties carried out during the nine months period ended March 31, 2009 are as follows:

	Nine Months period ended March 31, 2009			Total
	Subsidiaries	Other related parties	Key management personnel	
----- Rupees in '000 -----				
Transactions during the period				
Certificate of deposits issued and mark-up paid thereon	2,833	1,716,928	-	1,719,761
Insurance premium paid	-	3,953	-	3,953
Purchase of marketable securities	591,109	-	-	591,109
Sale of marketable securities	719,198	-	-	719,198
Sale of fixed assets	102	-	-	102
Purchase of shares of IGI Funds - subsidiary company	-	37,500	-	37,500
Short term finance repaid by the IGI Funds	30,000	-	-	30,000
Investment in funds	-	102,961,286	-	102,961,286
Finance provided	30,000	-	35	30,035
Income from finance	246	-	128	374
Brokerage, commission and fee	288	-	-	288
Return on deposits	-	18,233	-	18,233
Rent expense	286	14,878	-	15,164
Expenses incurred by the IGI Bank on behalf of IGI Funds Limited	10,090	-	-	10,090
Commission on sale of units through Fund Select	1,518	-	-	1,518
Mark-up on short term finance	256	-	-	256
Mark-up received on short term finance	933	-	-	933
Expense relating to benefit and contribution plan	-	7,931	-	7,931
Remuneration to key management personnel	-	-	58,088	58,088

	Nine months period ended March 31, 2008			Total
	Subsidiaries	Other related parties	Key management personnel	
----- Rupees in '000 -----				
Transactions during the period				
Certificate of deposits issued	-	619,395	-	619,395
Insurance premium paid	-	11,096	-	11,096
Purchase of marketable securities	29,994,592	-	-	29,994,592
Sale of marketable securities	29,580,946	-	-	29,580,946
Finance Provided	30,000	-	-	30,000
Income from finance	906	949	77	1,932
Brokerage, commission and fee income	7,919	-	-	7,919
Return on deposits	-	5,817	-	5,817
Rent expense	2,290	7,181	-	9,471
Traveling and lodging	-	-	3,714	3,714
Other shared cost	9,331	1,827	-	11,158
Charge for the period in respect of employee benefit and contribution plan	-	-	3,134	3,134
Remuneration to key management personnel	-	-	34,526	34,526

	Subsidiaries	Other related parties	Key management personnel	Total
Balance outstanding as at March 31, 2009	----- Rupees in '000 -----			
Certificates of deposit	2,833	40,729	-	43,562
Loans & advances	-	-	4,018	4,018
Mark-up accrued - certificate of deposits	73	599	-	672
Balance outstanding as at March 31, 2008	----- Rupees in '000 -----			
Deposit against CFS and trading future	15,000	-	-	15,000
Loans & advances	30,000	-	1,657	31,657
Certificate of deposits	-	320,243	-	320,243
Mark-up accrued - certificate of deposits	-	2,398	-	2,398
Non competition fee receivable	30,000	-	-	30,000
Mark-up accrued - Finance	63	-	-	63

#### 11 □ SEGMENTAL ANALYSIS □

IGI BANK's activities are broadly categorized into two primary business segments namely financing activities and investment activities within Pakistan: □

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, advisory services, capital market activities and the management of IGI BANK's liquidity.

Segmental information for the nine months period ended March 31, 2009

	Financing activities	Investing activities	Total
	----- Rupees in '000 -----		
Income from investments	-	109,773	109,773
Income from loans	102,956	-	102,956
Income from lease finance	217,917	-	217,917
Income from fund placements	-	151,823	151,823
Income from fees, commission and brokerage	-	34,158	34,158
Total income for reportable segments	320,873	295,754	616,627
Finance costs	303,136	211,076	514,212
Administrative and general expenses	21,344	24,573	45,917
Provision for bad and doubtful debts (general & specific)	18,996	-	18,996
Impairment against investments in debt securities	-	44,826	44,826
Impairment charge for diminution in available for sale investments	-	171,259	171,259
Segment result	<u>(22,603)</u>	<u>(155,980)</u>	<u>(178,583)</u>
Other operating income			25,953
Unallocated administrative expenses			(100,655)
Other operating expenses			(4,391)
Loss before taxation			<u>(257,676)</u>

	Financing activities	Investing activities	Total
	----- Rupees in '000 -----		
Segment assets	<u>3,020,871</u>	<u>2,871,359</u>	5,892,230
Unallocated assets			<u>559,402</u>
			<u>6,451,632</u>
Segment liabilities	<u>547,445</u>	<u>506,008</u>	1,053,453
Unallocated liabilities			<u>3,406,006</u>
			<u>4,459,459</u>
Unallocated capital expenditure - tangible			<u>13,717</u>
Unallocated capital expenditure - intangible			<u>643</u>
Segment depreciation and amortization of fixed assets	<u>11,140</u>	<u>10,267</u>	<u>21,407</u>
Segmental information for the nine months period ended March 31, 2008			
Income from investments	-	142,876	142,876
Income from loans	88,253	-	88,253
Income from lease finance	166,580	-	166,580
Income from fund placements	-	90,505	90,505
Income from fees, commission and brokerage	-	35,997	35,997
Total income for reportable segments	254,833	269,378	524,211
Finance costs	202,295	215,943	418,238
Administrative and general expenses	23,033	24,565	47,598
Provision for bad and doubtful debts (general & specific)	-	-	23,621
Segment result	<u>29,505</u>	<u>28,870</u>	<u>34,754</u>
Other Operating Income			36,306
Unallocated administrative expenses			(111,920)
Other operating expenses			(1,570)
Loss before taxation			<u>(42,431)</u>
Segment assets	<u>4,365,843</u>	<u>4,151,681</u>	8,517,524
Unallocated assets			<u>1,313,872</u>
			<u>9,831,396</u>
Segment liabilities	<u>595,429</u>	-	595,429
Unallocated liabilities			<u>7,053,721</u>
			<u>7,649,150</u>
Unallocated capital expenditure - tangible			<u>45,724</u>
Unallocated capital expenditure - intangible			<u>3,583</u>
Segment depreciation and amortization of fixed assets	<u>14,973</u>	<u>9,291</u>	<u>24,264</u>

11.1 Depreciation and amortization have been allocated in the proportion of segment revenue as fixed assets are shown under unallocated assets.

12 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on April 25, 2009 by the Board of Directors of IGI BANK.

13 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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# CONSOLIDATED FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEET (UNAUDITED)  
AS AT MARCH 31, 2009**

	Note	Unaudited March 31, 2009	Audited June 30, 2008
----- Rupees in '000 -----			
<b>ASSETS</b>			
Non-current assets			
Fixed assets			
Property and equipment		158,130	177,120
Capital work-in-progress		2,527	9,373
Intangible assets		185,917	171,696
	5	346,574	358,189
Long-term loans - net		262,686	331,258
Net investment in finance lease		1,034,269	1,467,961
Long-term deposits and other receivables		12,078	13,597
Deferred tax assets - net		62,121	84,984
		1,717,728	2,255,989
Current assets			
Current maturity of long-term loans		463,303	209,393
Current maturity of net investment in finance lease		1,056,156	990,043
Short-term loans		155,570	410,691
Lendings		171,991	1,025,513
Receivable against continuous funding system transactions		16,847	483,912
Short-term investments	6	1,711,735	2,346,236
Taxation - net		257,680	248,337
Advances, deposits and prepayments		89,673	74,862
Interest, mark-up and profit accrued		67,215	65,351
Trade debts		382,773	1,438,913
Receivable against sale of securities		250,381	778,234
Other receivables -net		49,952	36,787
Cash and bank balances		174,680	974,845
		4,847,956	9,083,117
<b>TOTAL ASSETS</b>		<b>6,565,684</b>	<b>11,339,106</b>
<b>EQUITY &amp; LIABILITIES</b>			
Capital and reserves			
Share Capital		2,121,025	2,121,025
Reserves-net		(343,796)	41,820
		1,777,229	2,162,845
Minority Interest		29	23,384
		1,777,258	2,186,229
Surplus / (deficit) on revaluation of investments - net	7	9,532	(60,231)
Non-current liabilities			
Term finance certificates		185,665	310,160
Long-term finance		175,001	408,333
Long-term certificates of deposit		162,293	471,898
Long-term deposits on lease contracts		310,472	418,221
Liabilities against assets subject to finance lease		1,610	1,917
Deferred Liabilities		3,577	-
		838,618	1,610,529
Current liabilities			
Current maturity of term finance certificates		124,950	124,950
Current maturity of long-term finance		391,666	481,667
Current maturity of long-term certificates of deposit		349,257	319,784
Current maturity of deposits on lease contracts		236,973	156,283
Current maturity of liabilities against assets subject to finance lease		402	359
Short-term finance		339,740	826,061
Short-term certificates of deposit		1,594,229	2,683,477
Borrowings from financial institutions		467,999	1,559,109
Interest and mark-up accrued		132,694	171,714
Payable against purchase of securities		252,496	65,410
Accrued expenses and other liabilities		49,870	1,213,765
		3,940,276	7,602,579
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,565,684</b>	<b>11,339,106</b>
Contingencies and commitments	8		

The annexed notes 1 to 13 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009**

	Nine Months Ended		Quarter Ended		
Note	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008	
	----- Rupees in '000 -----				
<b>INCOME</b>					
Income from investments-net	9	114,192	155,668	46,949	31,714
Income from loans		102,710	88,253	24,657	39,357
Income from lease finance		217,917	166,580	68,652	58,265
Income from lendings and continuous funding system transactions		230,267	158,956	33,131	70,968
Remuneration from funds under management		22,185	-	5,263	-
Income from fees, commission and brokerage		77,762	139,919	38,055	54,594
		765,033	709,376	216,707	254,898
Finance costs		570,200	437,659	160,562	144,764
		194,833	271,717	56,145	110,134
Administrative and general expenses		351,274	362,921	106,145	118,298
		(156,441)	(91,204)	(50,000)	(8,164)
Other operating income		32,493	63,883	15,669	30,997
		(123,948)	(27,321)	(34,331)	22,833
Other operating expenses		4,391	2,196	2,370	635
Operating (loss) / profit before provisions		(128,339)	(29,517)	(36,701)	22,198
Provision for bad and doubtful loans / potential lease losses - general - net		1,253	3,755	65	1,602
Provision for bad and doubtful loans / lease losses - specific - net		17,743	19,866	7,833	8,497
		18,996	23,621	7,898	10,099
Impairment against investments					
- debt securities	6	(44,826)	-	-	-
- equity securities and units of mutual funds	6	(171,259)	-	(52,392)	-
(Loss) / profit before taxation		(363,420)	(53,138)	(96,991)	12,099
Taxation-net	11	(31,002)	31,263	(2,097)	(3,766)
(Loss) / profit after taxation		(394,422)	(21,875)	(99,088)	8,333
(Loss) / profit attributable to minority interest		(8,806)	(7,469)	(3,054)	(1,790)
(Loss) / profit attributable to shareholders		(385,616)	(14,406)	(96,035)	10,123
(Loss) / earnings per share		(1.82)	(0.16)	(0.45)	0.11

The annexed notes 1 to 13 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009**

	Reserves					Minority Interest	Total
	Capital reserve		Revenue reserves		Total Reserves		
	Statutory Reserve	General reserve	Unappropriated profit/(loss)				
----- Rupees in '000 -----							
Balance as at July 1, 2007	922,184	97,098	55,408	(36,439)	116,067	19,863	1,058,114
Loss after tax for the nine months period ended March 31, 2008	-	-	-	(21,875)	(21,875)	-	(21,875)
Loss attributable to Minority Interest	-	-	-	7,469	7,469	(7,469)	-
Balance as at March 31, 2008	<u>922,184</u>	<u>97,098</u>	<u>55,408</u>	<u>(50,845)</u>	<u>101,661</u>	<u>12,394</u>	<u>1,036,239</u>
Balance as at July 1, 2008	2,121,025	97,098	39,733	(95,011)	41,820	23,384	2,186,229
Loss after tax for the nine months period ended March 31, 2009	-	-	-	(394,422)	(394,422)	-	(394,422)
Transfer of resources by the minority interest consequent to the partial disposal of shareholding in IGI Funds Ltd	-	-	-	-	-	(14,549)	(14,549)
Loss attributable to Minority Interest	-	-	-	8,806	8,806	(8,806)	-
Balance as at March 31, 2009	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(480,627)</u>	<u>(343,796)</u>	<u>29</u>	<u>1,777,258</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2009

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

Holding company

- IGI Investment Bank Limited ("IGI BANK")

Percentage holding of  
IGI Investment Bank Limited

Subsidiary companies

- IGI Finex Securities Limited ("IGI FINEX")	100%
- IGI Funds Limited ("IGI FUNDS")	99.97%

During the year, IGI Bank has made additional investments of Rs 37.5 million in IGI Funds Limited through the purchase of 3 million ordinary shares of IGI Funds Limited from one of the related party of the Bank at the rate of Rs 12.5 per share. The amount of investment made in IGI Funds Limited was approved by the shareholders of IGI Bank in their meeting held on June 14, 2007. The above investment in IGI Funds Limited was also approved by the Securities and Exchange Commission of Pakistan through its letter NBFC-II/DD/IGIFL/579/2008 dated July 30, 2008. Consequent to this additional investment, the shareholding percentage of IGI Bank in IGI Funds Limited has been increased to 99.97%.

IGI Investment Bank Limited

IGI Investment Bank Limited is a public limited company incorporated in Pakistan on February 7, 1990 under the Companies Ordinance, 1984. IGI BANK is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). IGI BANK's shares are quoted on all the stock exchanges in Pakistan. The registered office of IGI BANK is situated at 5 F.C.C., Syed Maratib Ali Road, Gulberg, Lahore. The principal place of the business is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of IGI BANK at 'A' and the short-term rating at 'A1'.

IGI Finex Securities Limited

IGI Finex Securities Limited is a public limited company incorporated in Pakistan on June 28, 1994 under the Companies Ordinance, 1984. The registered office of IGI Finex is situated at 7th Floor, Nacon House, MDM Wafai Road, Karachi. IGI Finex is a public unlisted company and a corporate member of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited. The principal activities of IGI Finex include shares brokerage and money market operations.

IGI Funds Limited

IGI Funds was incorporated in Pakistan on January 18, 2007 under the Companies Ordinance, 1984. IGI Funds is licensed to carry out Asset Management Services and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The principal activities of IGI Funds are floating and managing mutual funds and investment advisory services. The registered office of IGI Funds is situated at 5 F.C.C., Ground Floor, Syed Maratib Ali Road Gulberg, Lahore.

## 2 □ BASIS OF PRESENTATION

- a) □ The consolidated financial statements include the financial statements of IGI Investment Bank □ Limited, IGI Finex Securities Limited and IGI Funds Limited.
- b) □ Subsidiaries are entities over which the Group has the power to govern the financial and operating □ policies accompanying a shareholding of more than one half of the voting rights. The existence and □ effect of potential voting rights that are currently exercisable are considered when assessing whether □ the Group controls another entity. Subsidiaries are fully consolidated from the date on which control □ is transferred to the Group. They are de-consolidated from the date when control ceases. The assets □ and liabilities of subsidiary companies have been consolidated on a line by line basis based on the □ un-audited financial statements for the nine months period ended March 31, 2009 and the carrying □ value of investments held by IGI BANK is eliminated against the subsidiaries' shareholders' equity □ in these consolidated financial statements. Intra-group balances and transactions have been eliminated.
- c) □ Minority interests are that part of the net results of operations and of net assets of subsidiary companies □ attributable to interests which are not owned by the group.

## 3 □ STATEMENT OF COMPLIANCE □

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

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial □ Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment □ Property' through Circular No. 19 dated August 13, 2003 to Non-Banking Finance Companies (NBFCs) □ providing investment finance services, discounting services and housing finance services. Accordingly, □ the requirements of these standards have not been considered in the preparation of these condensed □ interim financial statements. However, investments have been classified and valued in accordance □ with the requirements prescribed by the Securities and Exchange Commission of Pakistan through □ various circulars. □

The classifications and provisioning requirements against non-performing assets have been considered □ in accordance with the applicable requirements of the Non-Banking Finance Companies and Notified □ Entities Regulations, 2008.

## 4 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES □

The accounting policies adopted in the preparation of these consolidated financial statements are □ the same as those applied in the preparation of the preceding annual published consolidated financial □ statements.

## 5 □ FIXED ASSETS □

The cost of additions and disposals to fixed assets during the period were as follows:

	Nine Months ended March 31, 2009		Nine Months ended March 31, 2008	
	Additions	Disposals	Additions	Disposals
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Property and equipment	31,843	17,510	60,534	12,697
Intangibles	1,260	-	4,763	-
			March 31, 2009	June 30, 2008
			----- Rupees in '000 -----	
<b>6 SHORT-TERM INVESTMENTS</b>				
Held-to-maturity				
Commercial papers			-	172,243
Fund placements	415,000		415,000	100,000
Term deposit receipts			-	350,000
			415,000	622,243
Held-for-trading				
Pakistan Investment Bonds			47,383	47,212
Market Treasury Bills			-	433,531
Listed Term finance certificate			2,309	2,285
Units open end mutual funds			194,626	157,934
			244,318	640,962
Available-for-sale				
Term finance certificates			315,182	410,223
Units of mutual funds			623,525	111,500
Shares / certificates			323,033	624,309
			1,261,740	1,146,032
			1,921,058	2,409,237
Investment at cost				
Less: Impairment against investments				
- debt securities			(44,826)	-
- equity securities and units of mutual funds			(171,259)	-
			(216,085)	-
			1,704,973	2,409,237
			6,762	(63,001)
Surplus / (deficit) on revaluation taken to equity			1,711,735	2,346,236
Investment net of impairment and surplus / (deficit) on revaluation				
			Unaudited	Audited
			March	June
			31, 2009	30, 2008
			-----Rupees in '000-----	
<b>7 SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS - NET</b>				
Net surplus / (deficit) on revaluation of:				
- government securities			(3,926)	(8,423)
- listed and unlisted term finance certificates	7.1		(18,084)	(709)
- mutual funds units			(62,886)	(354)
- quoted shares and certificates			(79,601)	(4,425)
- forward sale of quoted shares and certificates			-	(49,090)
			(164,497)	(63,001)
Amount of impairment losses on investment classified as available for sale				
- transferred to profit and loss account	7.2		171,259	-
			6,762	(63,001)
Related deferred tax asset - net			2,770	2,770
			9,532	(60,231)



7.1 Surplus / deficit in respect of listed debt securities has been determined based on the rates of these securities notified by Mutual Funds Association of Pakistan (MUFAP). These rates were notified based on the methodology specified by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. NBFCD/CIRCULAR/2009-31 dated January 6, 2009.

7.2 IGI BANK has a net deficit of Rs 144.39 million (net of surplus on certain securities) on revaluation of its listed portfolio of equity shares and units of mutual funds classified as available for sale. IGI Bank has carried out a scrip wise analysis of the above deficit and has determined that out of the above amount, deficit amounting to Rs 171.26 million represents a significant decline in the fair value of such equity securities with reference to their cost and accordingly an impairment loss to this extent has been fully recognised in the profit and loss account for the nine months period ended March 31, 2009.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Taxation

(a) The provision for taxation has been computed by IGI BANK at the rate applicable to a public company. In the original assessments made by the Deputy Commissioner of Income Tax (DCIT), the rate for the assessment years 1991-1992 to 2000-2001 applied in computing the tax liability was that applicable to a banking company. However, in the appeals filed against the original assessments, the Commissioner of Income Tax (Appeals) [CIT(A)] directed the DCIT to apply the rate applicable to a public company. Subsequent to the order of CIT(A), the Income Tax Department filed appeals before the Income Tax Appellate Tribunal (ITAT) against the directions of CIT (A). The ITAT, in its decisions in respect of assessment years 1991-1992 to 1997-1998 held that investment banks are not banking companies and therefore the rate of tax applicable to a public company should be applied while determining the tax liability, whereas the departmental appeals for the remaining years are pending before the ITAT. Subsequent to the decision of ITAT for assessment years 1991-92 to 1997-98, the department had filed appeals against the ITAT orders before the honorable Lahore High Court which are pending to date.

In respect of the aforementioned matters the Federal Board of Revenue had given its consent to the proposal of Director General, LTU, Lahore to withdraw the appeals relating to the tax status of investment banks.

In the original assessment made by the DCIT for the assessment years 1995-96 to 2000-01, dividend income was taxed by applying the tax rate applicable to the business income of a banking company instead of applying the reduced tax rate of 5% as prescribed by the law. The CIT (A) and the ITAT through its various orders have confirmed that such income is taxable at the reduced rate of 5% in respect of assessment years 1995-96 to 1997-98. However the tax authorities have filed appeals against the orders of ITAT before the Lahore High Court which are pending to date. In similar appeals of other companies, the Lahore High Court has already decided the matter of taxation of dividend income against the taxation authorities. In addition to the above matters, the taxation authorities have also disallowed certain expenses and made additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses in respect of various assessment years against which IGI BANK has filed appeals before the CIT (A). The CIT (A) has deleted the majority of the additions against which the tax authorities have filed appeals before the ITAT which are currently pending.

(b) Income tax return for tax year 2003 was filed and deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. However, by resorting to the powers given under section 177 of the Ordinance, the CIT had selected the aforementioned tax return for audit which was also confirmed by the Supreme Court in its decision dated March 1, 2006 under which the department was directed to issue fresh notices to IGI BANK in terms of Section 177 of the Ordinance disclosing criteria / reasons for selecting the above tax return for audit purposes. Pursuant to this order the department had selected tax year 2003 for audit and has consequently amended the assessment for the said year by making certain additions on account of depreciation on leased assets, provision for finance losses and other miscellaneous expenses. The company had preferred an appeal before the CIT (A) to agitate against the additions. The CIT (A) has decided the appeal by confirming certain additions. Against the appellate order of CIT (A), the Bank has filed an appeal before the ITAT. The Bank is confident that the additions confirmed by the CIT (A) will be deleted by the ITAT.

If the provision for taxation were to be made at the rate applicable to a banking company, taxation of dividend income as mentioned above and disallowance of expenses / add backs to income is decided against IGI BANK, the additional provision for all assessment years upto the tax year 2008 amounts to Rs 199 million (June 30, 2008: Rs 199 million). Based on the previous decisions, the management is confident that the eventual outcome of the above matters will be decided in favour of IGI BANK and the possibility of any liability arising is considered remote.

	Unaudited March 31, 2009	Audited June 30, 2008
	----- Rupees in '000 -----	
8.2 Claims not acknowledged as debt	81,750	81,750
8.3 Commitments		
Commitments in respect of capital expenditure	-	1,624
Commitments in respect of Lease disbursements	31,000	307,408
Commitments in respect of forward sale of securities	246,339	283,109
Commitments in respect of continuous funding system transactions - receivable	-	142,010
Commitments in respect of continuous funding system transactions - payable	-	32,233

	Nine Months Ended		Quarter Ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
	----- Rupees in '000 -----			
9 INCOME FROM INVESTMENTS-NET				
Interest / mark-up / profit on investments	72,377	31,602	17,968	14,078
Gain / (loss) on disposal of investments	36,804	104,586	28,635	15,504
Dividend income	5,011	19,480	346	2,132
	<u>114,192</u>	<u>155,668</u>	<u>46,949</u>	<u>31,714</u>

#### 10 SEGMENTAL ANALYSIS

The Group activities are broadly categorized into four primary business segments namely financing activities, investment activities, brokerage activities and asset management services within Pakistan:

##### 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, advisory services, capital market activities and the management of IGI BANK's liquidity.

##### Brokerage activities

Brokerage activities include brokerage services offered to retail and institutional clients through IGI Finex Securities Limited.

##### Asset Management services

Assets management services include the services provided for the management of collective investment schemes carried out by IGI Funds Limited.

Segmental information for the nine  
months period ended March 31, 2009

	Financing activities	Investing activities	Brokerage activities	Asset Management services	TOTAL
	----- Rs in '000 -----				
Income from investments	-	109,773	3,251	1,168	114,192
Income from loans	102,710	-	-	-	102,710
Income from lease finance	217,917	-	-	-	217,917
Income from Lendings and continuous fund placement	-	151,823	78,444	-	230,267
Remuneration from funds under management	-	-	-	22,185	22,185
Income from fees, commission and brokerage	-	25,158	52,604	-	77,762
Total income for reportable segments	320,627	286,754	134,299	23,353	765,033
Finance costs	303,136	211,076	55,741	247	570,200
Administrative and general expenses	21,156	24,573	126,516	71,756	244,001
Provision for bad and doubtful debts (general & specific)	18,996	-	-	-	18,996
Provision against investments	-	44,826	-	-	44,826
Impairment charge for diminution in available for sale investments	-	171,259	-	-	171,259
Segment result	<u>(22,661)</u>	<u>(164,980)</u>	<u>(47,958)</u>	<u>(48,650)</u>	<u>(284,249)</u>
Other operating income					32,493
Unallocated administrative expenses					(107,273)
Other operating expenses					(4,391)
Loss before taxation					<u>(363,420)</u>
Segment assets	<u>3,020,871</u>	<u>2,871,359</u>	<u>519,620</u>	<u>83,211</u>	6,495,061
Unallocated assets					<u>105,136</u>
					<u>6,600,197</u>
Segment liabilities	<u>547,445</u>	<u>506,008</u>	<u>292,496</u>	<u>-</u>	1,345,949
Unallocated liabilities					<u>3,470,954</u>
					<u>4,816,903</u>
Unallocated capital expenditure - tangible					<u>31,483</u>
Unallocated capital expenditure - intangible					<u>1,260</u>
Segment depreciation and amortization of fixed assets	<u>11,140</u>	<u>10,267</u>	<u>29,616</u>	<u>3,717</u>	<u>54,740</u>

Segmental information for the nine months period ended March 31, 2008

	Financing activities	Investing activities	Brokerage activities	Asset Management services	TOTAL
	Rs in '000				
Income from investments	-	117,396	42,047	1,425	155,669
Income from loans	88,253	-	-	-	88,253
Income from lease finance	166,580	-	-	-	166,580
Income from Lendings and continuous fund placement	-	90,505	68,451	-	158,956
Income from fees, commission and brokerage	-	35,997	103,922	-	139,919
Total income for reportable segments	254,833	243,898	214,420	1,425	709,377
Finance costs	202,295	215,943	17,664	1,757	437,659
Administrative and general expenses	23,033	24,565	156,412	56,143	260,153
Provision for bad and doubtful debts (general & specific)	-	-	-	-	23,621
Segment result	29,505	3,390	(40,344)	56,475	(12,056)
Other operating income					63,883
Unallocated administrative expenses					(102,768)
Other operating expenses					(2,196)
Loss before taxation					(53,138)
Segment assets	4,514,499	3,640,191	1,497,242	166,647	9,818,579
Unallocated assets					1,520,527
					11,339,106
Segment liabilities	1,160,372	-	1,072,811	-	2,233,183
Unallocated liabilities					6,979,925
					9,213,108
Unallocated Capital expenditure - tangible					89,612
Unallocated Capital expenditure - intangible					9,688
Segment depreciation and amortization of fixed assets	14,973	9,291	10,000	-	52,545

10.1  Depreciation and amortization have been allocated in the proportion of segment revenue as fixed assets are  shown under unallocated assets.

	Nine Months Ended		Quarter Ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
11 TAXATION	Rupees in '000			
For the period	5,972	33,574	2,505	11,532
-Current	25,030	(64,837)	(408)	(7,766)
-Deferred	31,002	(31,263)	2,097	3,766

12 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on April 25, 2009 by the Board of Directors of IGI BANK.

13 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

Syed Babar Ali  
Chairman

Samir Ahmed  
Managing Director & Chief Executive

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