

**Quarterly Report  
Jan-Mar 2012**



## CONTENTS

---

Company Information	02
Directors' Report to the Shareholders	03
Balance Sheet	05
Profit and Loss Account	06
Statement of Cash Flows	07
Statement of Changes in Equity	08
Notes to the Financial Statements	09
Consolidated Financial Statements	17
Consolidated Balance Sheet	18
Consolidated Profit and Loss Account	19
Consolidated Statement of Cash Flows	20
Consolidated Statement of Changes in Equity	21
Notes to the Consolidated Financial Statements	22

---

---

## COMPANY INFORMATION

---

---

### Board of Directors

Syed Babar Ali - Chairman  
Mr. Towfiq H. Chinoy - Director  
Mr. Farid Khan - Director  
Mr. Arif Faruque - Director  
Mr. Jalees A. Siddiqi - Director  
Mr. Khalid Yacob - Director  
Mr. Tariq H. Quraishi - Managing Director  
& Chief Executive

---

### Audit Committee

Mr. Khalid Yacob - Chairman  
Mr. Jalees A. Siddiqi  
Mr. Farid Khan

---

### Auditors

M/s. Ernst & Young Ford Rhodes Sidat  
Hyder & Co.,  
Chartered Accountants

---

### Legal Advisors

M/s. Hassan & Hassan, Advocates  
M/s. Mohsin Tayebaly & Co.,  
Advocate & Legal Consultants  
M/s. Orr, Dignam & Co.,  
Advocates  
M/s. Haider Mota & Co.,  
Barristers-at-law & Corporate  
Conselors

---

### Bankers

Allied Bank Ltd.  
Bank AL Habib Ltd.  
Faysal Bank Ltd.  
Habib Metropolitan Bank Ltd.  
JS Bank Ltd.  
MCB Bank Ltd.  
NIB Bank Ltd.  
Soneri Bank Ltd.  
Standard Chartered Bank  
Summit Bank  
United Bank Ltd.

---

### Shares Registrar

Noble Computer Services  
(Private) Limited  
Mezzanine Floor, House of Habib  
Building (Siddiqsons Tower),  
3-Jinnah Cooperative House Society,  
Main Shahrah-e-Faisal,  
Karachi-75350  
Tel: (021) 34325482-87  
Fax: (021) 34325442

---

### Lahore Registered Office

5 F.C.C. Ground Floor,  
Syed Maratib Ali Road,  
Gulberg, Lahore.  
Tel: (042) 111-234-234  
(042) 35753414-16  
Fax: (042) 111-567-567  
(042) 3576-2790

---

### Karachi Office

7<sup>th</sup> Floor, The Forum, Suite Nos.  
701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan.  
Tel: (021) 111-234-234  
Fax: (021) 111-567-567

---

### Islamabad Office

Mezzanine Floor, Razia Sharif  
Plaza, 90, Blue Area, G / 7,  
Islamabad.  
Tel: (051) 111-234-234  
(051) 2275256-58  
Fax: (051) 2273861

---

### UAN

Tel: 111-234-234  
Fax: 111-567-567

---

### Website

[www.igiinvestmentbank.com.pk](http://www.igiinvestmentbank.com.pk)

---

### Email

[contact.center@igi.com.pk](mailto:contact.center@igi.com.pk)

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of the company is pleased to submit the un-audited financial statements for the nine months period ended March 31, 2012.

The first quarter of calendar year 2012 was another challenging period for the country. Uncertain political environment, energy crises and security situation exerted significant pressure on the economy. The NBFC sector has continued to face impediments in its business activities due to factors such as overall reluctance of the financial institutions/banks to provide long term borrowing lines, high interest rates and continuous increase in costs of doing business for the industry. The stock market showed considerable improvement in volumes as well as index toward the last month of the quarter, however stability of the same and resultant sustainable benefits to investors are yet to be witnessed.

Your company has reported an operating loss before provisions of Rs.84.07 million as against an operating profit of Rs.18.99 million in the corresponding period of last year. The Company's ongoing cost saving initiatives continued during nine months under report. At the bottom line, the company has reported an after tax loss of Rs.140.59 million for the nine months period ended March 31, 2012 as compared to a profit of Rs. 30.53 million in the corresponding period of last year.

### Financial Summary

A comparison of financial highlights for the nine months period ended March 31, 2012 with the corresponding period last year is as follows:

	March 31, 2012	March 31, 2011	Increase / (Decrease)	
	Rupees in thousands			%
<b>INCOME</b>				
Fund based Income	436,726	722,376	(285,650)	(39.54)
Fund based Cost	435,153	584,900	(149,747)	(25.60)
Net Fund Based Income	1,573	134,476	(135,903)	(101.06)
Fee Based Income	19,318	18,164	1,154	6.35
<b>EXPENDITURE</b>				
Administrative and operating expenses	105,926	138,079	(32,153)	(23.29)

The decrease in fund based income, administrative and operating expenses is in line with the company's efforts to streamline and restructure the balance sheet. The company continues to focus on the fee based, money market, capital market and advisory businesses. Further, the company continues its emphasis on recovery of infected portfolio and the services of our corporate marketing staff are being fully utilized for this purpose.

We are thankful to our shareholders valued customers and business partners for their continued support. We also want to express our gratitude and appreciation to all our employees who have worked tirelessly in the backdrop of the economic recession and a difficult business environment. We appreciate their hard work, loyalty and dedication.



---

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

### **Important Information / Announcement**

Your company and Bank Alfalah Limited are negotiating for the takeover by Bank Alfalah Limited of the company i.e. IGI Investment Bank Limited together with its wholly owned subsidiaries. It is proposed that the takeover would be implemented by way of merger in terms of a scheme of amalgamation under Section 48 of the Banking Companies Ordinance, 1962. Bank Alfalah Limited is shortly starting due diligence of IGI Investment Bank Limited and its subsidiaries. Subject to the result of this due diligence, applicable consents and regulatory approvals (if required), the parties will enter into a definitive agreement, which will cover the swap ratio of shares / consideration value as well. Till this definitive agreement is signed, there is no binding commitment on the part of the parties to proceed with the merger. This information has already been communicated to the Stock Exchange(s) on which shares of the Company are listed.

For & on behalf of the Board

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

Date: April 25, 2012.

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT MARCH 31, 2012

<b>ASSETS</b>	<b>Note</b>	<b>(Un-audited) March 31, 2012</b>	<b>(Audited) June 30, 2011</b>
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	35,028	43,781
Long-term investments	5	986,390	1,089,280
Long-term loans and advances - net		170,173	246,524
Net investment in finance lease	6	55,198	142,264
Long-term deposits		4,934	5,345
Deferred tax asset - net		330,886	302,793
		1,582,609	1,829,987
<b>Current assets</b>			
Current maturity of non-current assets		492,989	559,866
Short-term loans and advances		3,740	31,292
Lendings - secured	7	693,842	298,000
Short-term investments	8	1,494,100	5,495,231
Taxation - net		240,809	241,081
Prepayments and other receivables	9	154,301	90,461
Interest, mark-up and profit accrued		16,528	49,788
Cash and bank balances		66,876	125,406
		3,163,185	6,891,125
<b>TOTAL ASSETS</b>		<u>4,745,794</u>	<u>8,721,112</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated loss		(925,225)	(784,631)
		1,332,631	1,473,225
<b>Deficit on revaluation of investments - net of tax</b>	10	(50,335)	(55,544)
		1,282,296	1,417,681
<b>Non-current liabilities</b>			
Long-term finance		-	50,000
Long-term certificates of deposit		381,194	359,933
Long-term deposits under lease contracts		15,534	49,218
		396,728	459,151
<b>Current liabilities</b>			
Current maturity of non-current liabilities		1,669,071	1,282,078
Short-term certificates of deposit		1,086,101	1,836,032
Borrowings from financial institutions	11	-	3,486,253
Interest and mark-up accrued		152,441	171,204
Trade and other payables		159,157	68,713
		3,066,770	6,844,280
<b>TOTAL LIABILITIES</b>		<u>3,463,498</u>	<u>7,303,431</u>
<b>Contingencies and commitments</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,745,794</u>	<u>8,721,112</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAIISHI**  
Managing Director & Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Note	Nine months period ended		Quarter ended	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
----- (Rupees in '000) -----					
<b>Income</b>					
Income from investments	13	344,443	535,744	64,281	212,837
Income from loans and advances		12,577	38,842	217	7,051
Income from lease finance		14,665	61,073	4,919	16,345
Income from lendings		60,165	78,559	14,714	33,758
Income from fees, commission and brokerage		19,318	18,164	3,202	4,654
		451,168	732,382	87,333	274,645
Finance costs		435,153	584,900	95,921	222,104
		16,015	147,482	(8,588)	52,541
Administrative and general expenses		103,139	136,132	33,210	44,416
		(87,124)	11,350	(41,798)	8,125
Other operating income		5,837	9,595	2,567	1,963
		(81,287)	20,945	(39,231)	10,088
Other operating expenses		2,787	1,947	843	84
<b>Operating (loss) / profit before provisions</b>		(84,074)	18,998	(40,074)	10,004
Provision for bad and doubtful loans and advances / lease losses - specific - net		(48,797)	-	(25,799)	-
Impairment against Term Finance Certificates - net		(25,468)	-	-	-
Reversal of impairment against fund placements		-	21,550	-	-
		(74,265)	21,550	(25,799)	-
(Loss) / profit before taxation		(158,339)	40,548	(65,873)	10,004
Taxation - net		17,745	(10,023)	8,222	(2,666)
(Loss) / profit after taxation		(140,594)	30,525	(57,651)	7,338
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income		(140,594)	30,525	(57,651)	7,338
----- (Rupee) -----					
(Loss) / earnings per share		(0.66)	0.14	(0.27)	0.03

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Nine months period ended	
	March 31, 2012	March 31, 2011
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(158,339)	40,548
<b>Adjustments for non cash and other items:</b>		
Gain on disposal of fixed assets	(961)	(1,437)
Depreciation on property and equipment	7,066	15,400
Amortisation on intangible assets	1,552	1,702
Amortisation of transaction cost on term finance certificates	-	489
Provision for staff gratuity scheme	748	2,219
Interest, mark-up and profit income	(363,465)	(519,703)
Dividend income	(33,176)	(51,315)
Finance costs	435,153	584,900
Provision for bad and doubtful loans and advances / lease losses - specific - net	48,797	-
Impairment against Term Finance Certificates - net	25,468	-
	121,182	32,225
	(37,157)	72,803
<b>Decrease / (increase) in current assets:</b>		
Short-term loans and advances	27,552	15,080
Lendings - secured	(395,842)	(354,544)
Short-term investments	3,979,170	(1,800,388)
Deposits, prepayments and other receivables	(53,050)	26,282
	3,557,830	(2,113,570)
<b>(Decrease) / increase in current liabilities:</b>		
Short-term certificates of deposit	(749,931)	(544,958)
Borrowings from financial institutions	(3,281,731)	1,926,011
Trade and other payables	94,733	52,775
	(3,936,929)	1,433,828
	(416,256)	(606,939)
Repayments of long-term loans and advances	50,263	1,113
Net recovery from finance lease	131,234	440,694
Long-term deposits	411	(606)
Disbursement / (repayment) of long-term certificates of deposit - net	495,379	(12,865)
Payments of deposits under lease contracts	(58,333)	(65,052)
Interest, mark-up and profit received	396,725	499,690
Dividend received	22,386	32,152
Finance cost paid	(453,916)	(521,796)
Income tax paid	(8,374)	(23,409)
Gratuity paid	5,038	(3,975)
<b>Net cash generated from operating activities</b>	570,737	345,946
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(9,089)	(12,892)
Proceeds of long-term investments - net	102,890	225,660
Proceeds from disposal of fixed assets	10,185	6,453
<b>Net cash flows generated from investing activities</b>	103,986	249,221
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal redemption of term finance certificates	(62,475)	(124,478)
Long-term finance - net repaid	(50,000)	(83,926)
<b>Net cash flows used in financing activities</b>	(112,475)	(208,404)
<b>Net increase / (decrease) in cash and cash equivalents</b>	145,992	(220,176)
Cash and cash equivalents at the beginning of the period	(79,116)	65,124
<b>Cash and cash equivalents at the end of the period</b>	66,876	(155,052)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	66,876	143,122
Running finance utilised under mark-up arrangement	-	(298,174)
	66,876	(155,052)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital	Revenue		
		Statutory reserve	General reserve      Accumulated profit / (loss)		
(Rupees in '000)					
<b>Balance as at June 30, 2010</b>	2,121,025	97,098	39,733	(615,636)	1,642,220
Profit after taxation for the nine months period ended March 31, 2011	-	-	-	30,525	30,525
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	30,525	30,525
<b>Balance as at March 31, 2011</b>	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(585,111)</u>	<u>1,672,745</u>
<b>Balance as at June 30, 2011</b>	2,121,025	97,098	39,733	(784,631)	1,473,225
Loss after taxation for the nine months period ended March 31, 2012	-	-	-	(140,594)	(140,594)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(140,594)	(140,594)
<b>Balance as at March 31, 2012</b>	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(925,225)</u>	<u>1,332,631</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAIISHI**  
Managing Director & Chief Executive

---

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** IGI Investment Bank Limited (the Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The 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 2008 (the NBFC Regulations). The Bank's shares are quoted on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the Bank is situated at 5 F.C.C., Syed Maratab Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial statements of the Bank for the year ended June 30, 2011, the Pakistan Credit Rating Agency (PACRA) has assigned the long-term credit rating of the Bank as 'A-' and the short-term rating as 'A2'.

- 1.2** These financial statements are the separate financial statements of the Bank. In addition to these financial statements, consolidated financial statements of the Bank and its subsidiary companies, IGI Finex Securities Limited and IGI Funds Limited (the Group), have also been prepared. As required by the International Financial Reporting Standards (IFRSs), segment information is presented only in consolidated financial statements of the Group.

**2. STATEMENT OF COMPLIANCE**

- 2.1** These condensed interim financial statements of the Bank for the nine months period ended March 31, 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended June 30, 2011.
- 2.3** 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 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.

**3. ACCOUNTING POLICIES AND ESTIMATES**

- 3.1** The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended June 30, 2011, except as described below:

**New and amended standards and interpretations**

During the period, following amendments, interpretations and improvements to the accounting standards became effective:

IAS 24 – Related Party Disclosures (Revised)  
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IAS 1 – Presentation of Financial Statements - Clarification of statement of changes in equity  
IAS 34 – Interim Financial Reporting - Significant events and transactions  
IFRIC 13 – Customer Loyalty Programmes - Fair value of award credits

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on these condensed interim financial statements. Certain additional disclosures have, however, been made in the condensed interim financial statements.

- 3.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended June 30, 2011.

		<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>Note</b>	<b>March 31,</b>	<b>June 30,</b>
		<b>2012</b>	<b>2011</b>
		-----	-----
		<b>(Rupees in '000)</b>	
<b>4. FIXED ASSETS</b>			
Property and equipment	4.1	33,081	40,282
Intangible assets		1,947	3,499
		35,028	43,781
<b>4.1 Property and equipment</b>			
Opening written down value		40,282	57,577
<b>Additions:</b>			
Furniture and fittings		171	81
Motor vehicles		8,541	12,695
Office equipment		95	512
Computer equipment		282	323
		9,089	13,611
<b>Less: Disposals at written down value</b>			
Lease hold improvements		-	(2,161)
Furniture and fittings		-	(1,360)
Motor vehicles		(9,224)	(6,846)
Office equipment		-	(869)
Computer equipment		-	(910)
		(9,224)	(12,146)
Depreciation for the period / year	4.2	7,066	18,760
Closing written down value		33,081	40,282
<b>4.2</b>			
During the period, the Bank reassessed the useful life of its leasehold improvement and furniture and fittings from 5 to 10 years. Had the estimate in respect to the life of the assets not been changed, the loss for the period would have been higher by Rs.4.193 million and carrying amount of fixed assets would have been lower by the same amount.			
<b>5. LONG-TERM INVESTMENTS</b>			
<b>Related parties - at cost</b>			
Investment in unquoted subsidiary companies	5.1	895,011	895,011
Investment in associates		107,815	210,705
		1,002,826	1,105,716
<b>Others - available-for-sale - at cost</b>			
Investment in unquoted companies		98,932	98,932
Investment in unquoted preference shares		20,000	20,000
		1,121,758	1,224,648
Less: Impairment against investments		(135,368)	(135,368)
		986,390	1,089,280

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

- 5.1** During the period, a loan of Rs.650 million was disbursed by the chairman / director of the Bank to IGI Finex Securities Limited (IFSL), a wholly owned subsidiary of the Bank, in order to improve its liquidity position and financial health.

On December 27, 2011, the Bank has entered into an agreement with IFSL and chairman / director of the Bank, whereby the Bank has undertaken to fully settle the above loan on behalf of IFSL and as a result would become lender to IFSL of Rs. 650 million. This agreement is subject to legal and regulatory approvals and exemptions as may be required by the Bank for the said transaction.

		(Un-audited) March 31, 2012	(Audited) June 30, 2011
		----- (Rupees in '000) -----	
<b>6. NET INVESTMENT IN FINANCE LEASE</b>	<b>Note</b>		
Lease rental receivables		462,969	582,065
Add: Residual value		278,794	337,126
		<u>741,763</u>	<u>919,191</u>
Less: Unearned finance income		(17,290)	(40,380)
		<u>724,473</u>	<u>878,811</u>
Less: Provision for lease losses		(234,593)	(213,724)
Less: Current maturity of net investment in finance lease		(434,682)	(522,823)
		<u>55,198</u>	<u>142,264</u>
<b>7. LENDINGS - SECURED</b>			
<b>Considered good - due from:</b>			
Related parties		-	298,000
Others		693,842	-
	7.1	<u>693,842</u>	<u>298,000</u>
<b>7.1</b>			
These carry mark-up at a rate from 11.75% to 11.80% (June 30, 2011: 16%) per annum and are repayable latest by April 02, 2012. These lendings are secured against government securities having market value aggregated to Rs.693.842 million (June 30, 2011: Rs.445.522 million).			
		(Un-audited) March 31, 2012	(Audited) June 30, 2011
<b>8. SHORT-TERM INVESTMENTS</b>		----- (Rupees in '000) -----	
<b>Held-to-maturity</b>			
Commercial paper		-	9,895
<b>Held-for-trading</b>			
Pakistan Investment Bonds (PIBs)		44,935	42,350
Market Treasury Bills		-	3,576,382
		<u>44,935</u>	<u>3,618,732</u>
<b>Available-for-sale</b>			
Term Finance Certificates		1,387,271	1,662,770
Listed shares and certificates		196,049	312,520
		<u>1,583,320</u>	<u>1,975,290</u>
		1,628,255	5,603,917
Impairment loss on term finance certificates		(134,155)	(108,686)
		<u>1,494,100</u>	<u>5,495,231</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**8.1** As per NBFC Regulations, the Bank is required to invest 15% of the funds raised through issue of Certificates of Deposit (CoDs) by the Bank (excluding CoDs held by Financial Institutions) in government securities. However, as at March 31, 2012, the Bank's investment in government securities (including securities held as collateral against lendings) aggregating to Rs.738.78 million representing 26.75% of the funds raised through CoDs.

		(Un-audited) March 31, 2012	(Audited) June 30, 2011
<b>9. PREPAYMENTS AND OTHER RECEIVABLES</b>	<b>Note</b>	----- (Rupees in '000) -----	
<b>Prepayments</b>			
Rent		1,289	12,395
Others		3,891	1,278
<b>Other receivables - net</b>			
<b>Secured - considered good</b>			
Assets repossessed in respect of terminated lease contracts		11,877	1,951
Excise duty paid on behalf of customers		4,471	4,471
Dividend receivable		12,415	1,625
<b>Balances due from related parties:</b>			
Staff Provident Fund		-	744
Staff Gratuity Fund		891	254
Receivable against sale of securities		97,841	46,148
		98,732	47,146
Accrued commission / fee income	9.1	5,702	5,937
Fair value of derivative financial instruments		-	401
Insurance rentals receivables		1,459	1,071
Others		9,165	8,886
<b>Unsecured and considered doubtful</b>			
Receivable from lessees in satisfaction of claims		20,716	20,186
Receivable against settlement of fund placement		13,750	13,750
		34,466	33,936
		183,467	119,097
Less: Provision against bad and doubtful receivables		(29,166)	(28,636)
		154,301	90,461

**9.1** This includes commission aggregating to Rs.2.774 million (June 30, 2011: Rs.2.520 million) due from IGI Finex Securities Limited, IGI Funds Limited, IGI Insurance Limited and Packages Limited, Tetra Pak & Nestla Pakistan Ltd.(related parties).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	<b>(Un-audited)</b> <b>March 31,</b> <b>2012</b>	<b>(Audited)</b> <b>June 30,</b> <b>2011</b>
	----- (Rupees in '000) -----	
<b>10. DEFICIT ON REVALUATION OF INVESTMENTS - NET</b>		
Net surplus / (deficit) on revaluation of:		
government securities	(3,311)	(9,383)
listed and unlisted term finance certificates	(44,800)	(55,250)
listed shares and certificates	(21,181)	(13,500)
fair value of derivative financial instruments	-	401
	(69,292)	(77,732)
Impairment loss on equity investments classified as 'available-for-sale' - transferred to profit and loss account	-	4,933
	(69,292)	(72,799)
Related deferred tax asset - net	18,957	17,255
	(50,335)	(55,544)
<b>11. BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		
<b>Secured</b>		
Running finance utilised under mark-up arrangement	-	204,522
<b>Securities sold under repurchase agreements to:</b>		
Related parties	-	89,217
Others	-	3,192,514
	-	3,281,731
	-	3,486,253
<b>12. CONTINGENCIES AND COMMITMENTS</b>		
<b>12.1</b>	There has been no change in the status of contingencies as disclosed in last annual audited financial statements.	
<b>12.2 Commitments</b>		
Commitment in respect of forward sale of shares	-	58,936

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Nine Months Period Ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
----- (Rupees in '000) -----				
<b>13. INCOME FROM INVESTMENTS</b>				
Interest / mark-up / profit on investments	271,182	333,071	50,500	139,065
Gain on disposal of investments	40,085	151,358	1,366	49,095
Dividend income	33,176	51,315	12,415	24,677
	<u>344,443</u>	<u>535,744</u>	<u>64,281</u>	<u>212,837</u>

**14. TRANSACTIONS WITH RELATED PARTIES**

**14.1** The Bank 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 period are as follows:

Description	Nine Months Period Ended March 31, 2012			
	Subsidiaries	Other related parties	Key management personnel	Total
----- (Rupees in '000) -----				
<b>Transactions during the period</b>				
Certificates of deposits issued	-	979,876	209	980,085
Certificates of deposits matured	-	363,468	209	363,677
Dividend received	3,000	-	-	3,000
Insurance premium paid	-	2,058	-	2,058
Purchase of fixed assets	86	-	-	86
Sale of fixed assets	-	2,175	8,011	10,186
Group share services (see note 14.2)	1,675	10,823	-	12,498
Lendings - secured	5,828,000	-	-	5,828,000
Repayment of secured lendings	5,828,000	-	-	5,828,000
Lendings - unsecured	613,000	-	-	613,000
Repayment of unsecured lendings	613,000	-	-	613,000
Purchase of marketable securities	446,077	-	-	446,077
Sale of marketable securities	329,791	-	-	329,791
Sale of term finance certificates	-	40,536	-	40,536
Purchase of term finance certificates	-	122,987	-	122,987
Sale of Government Securities	-	417,570	-	417,570
Purchase of Government Securities	-	-	-	-
Investment in mutual fund units	-	316,735	-	316,735
Redemption of mutual fund units	-	419,626	-	419,626
Income from loans and finances	-	-	9	9
Income from lendings - secured	21,801	-	-	21,801
Income from lendings - unsecured	8,333	-	-	8,333
Borrowings-secured	-	-	-	-
Markup on borrowings-secured	-	-	-	-
Brokerage, commission and fees paid	4,944	-	-	4,944
Return on certificates of deposit	-	68,776	2	68,778
Rent expense	-	12,602	-	12,602
Reimbursement of rent	676	47	-	723
Traveling and lodging	-	-	1,393	1,393
Subscription expense	432	-	-	432
Charge for the year in respect of employee benefit and contribution plan	-	3,211	-	3,211
Remuneration to key management personnel	-	-	33,376	33,376

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

Description	Nine Months Period Ended March 31, 2011			
	Subsidiaries	Other related parties	Key management personnel	Total
----- (Rupees in '000) -----				
<b>Transactions during the period</b>				
Certificates of deposits issued	-	3,030,776	117,506	3,148,282
Certificates of deposits matured	-	2,668,902	110,938	2,779,840
Dividend received	3,998	-	-	3,998
Insurance premium paid	-	2,057	-	2,057
Purchase of fixed assets	1,325	-	-	1,325
Sale of fixed assets	-	47	1,350	1,397
Group share services (see note 14.2)	1,913	9,629	-	11,542
Lendings - secured	14,077,000	-	-	14,077,000
Repayment of secured lendings	13,471,000	-	-	13,471,000
Purchase of marketable securities	6,542,024	-	-	6,542,024
Sale of marketable securities	6,675,524	-	-	6,675,524
Sale of term finance certificates	-	249,795	-	249,795
Purchase of term finance certificates	-	217,771	-	217,771
Sale of Government Securities	-	473,099	-	473,099
Purchase of Government Securities	-	486	-	486
Investment in mutual fund units	-	1,303,700	-	1,303,700
Redemption of mutual fund units	-	1,559,360	-	1,559,360
Income from loans and finances	-	-	180	180
Income from lendings - secured	39,096	-	-	39,096
Borrowings-secured	-	301,576	-	301,576
Markup on borrowings-secured	-	22,892	-	22,892
Brokerage, commission and fees paid	7,436	-	-	7,436
Return on certificates of deposit	-	102,986	1,112	104,098
Rent expense	-	12,882	-	12,882
Reimbursement of rent	2,540	3,810	-	6,350
Traveling and lodging	-	-	2,121	2,121
Subscription expense	1,248	-	-	1,248
Charge for the year in respect of employee benefit and contribution plan	-	5,124	-	5,124
Remuneration to key management personnel	-	-	45,841	45,841

**14.2 Group shared services**

The Bank has entered into an arrangement with its subsidiaries and other associated undertakings to share various administrative, human resource and related costs on agreed terms.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**15. DISCRETIONARY AND NON DISCRETIONARY PORTFOLIOS**

The Bank is also acting as an Investment Advisor for various clients by providing services such as consultation in investment decisions, to sell, purchase, liquidate and otherwise manage the portfolio of securities. The cost and market value of the underlying investments included in the discretionary and non discretionary portfolios managed by the Bank are as under:

	<b>(Un-audited)</b> <b>March 31</b> <b>2012</b>	<b>(Audited)</b> <b>June 30,</b> <b>2011</b>
	----- (Number) -----	----- (Number) -----
<b>Equity portfolio</b>		
Number of clients	<u>4</u>	<u>3</u>
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Cost	<u>166,873</u>	<u>132,907</u>
Market value	<u>212,677</u>	<u>135,488</u>
	----- (Number) -----	----- (Number) -----
<b>Debt portfolio</b>		
Number of clients	<u>3</u>	<u>2</u>
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Cost	<u>220,335</u>	<u>139,051</u>
Market value	<u>228,386</u>	<u>139,086</u>

**15.1** In addition to the above portfolios, the Bank has also entered into agreements with certain counterparties to provide them investment advisory services at a fixed fee.

**15.2** The fee earned on these services during the period amounted to Rs.8.388 million (June 30, 2011: Rs.7.811 million).

**16. DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on April 25, 2012 by the Board of Directors of the Bank.

**17. GENERAL**

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

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

**CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
AS AT MARCH 31, 2012

	Note	(Un-audited) March 31, 2012	(Audited) June 30, 2011
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	5	135,922	151,764
Investment property		5,992	6,217
Long-term investments	6	22,932	22,932
Long-term loans and advances - net		170,173	246,524
Investment in associates	7	283,403	372,890
Net investment in finance lease	8	55,198	142,264
Long-term deposits		11,524	11,935
Deferred tax assets - net		492,955	455,182
		1,178,098	1,409,708
<b>Current assets</b>			
Current maturity of non-current assets		492,989	559,892
Short-term loans and advances		4,349	31,834
Lendings - secured	9	807,842	114,000
Short-term investments	10	1,496,313	5,505,653
Trade debts - net		478,582	969,224
Deposits, prepayments and other receivables	11	259,205	162,210
Interest, mark-up and profit accrued		170,343	151,750
Taxation - net		278,425	272,080
Cash and bank balances		151,261	138,606
		4,139,309	7,905,249
<b>TOTAL ASSETS</b>		5,317,407	9,314,957
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		2,121,025	2,121,025
Reserves		115,145	115,145
Accumulated loss		(1,253,883)	(1,124,152)
		982,287	1,112,018
<b>Non-controlling interest</b>			
		45	45
		982,332	1,112,063
<b>Deficit on revaluation of investments - net of tax</b>			
	12	(50,319)	(55,489)
		932,013	1,056,574
<b>Non-current liabilities</b>			
Subordinated Loan	13	650,000	-
Long-term finance		-	50,000
Long-term certificates of deposit		381,194	359,933
Long-term deposits under lease contracts		15,534	49,218
		1,046,728	459,151
<b>Current liabilities</b>			
Current maturity of non-current liabilities		1,669,071	1,282,078
Short-term certificates of deposit		1,086,101	1,836,032
Borrowings from financial institutions	14	-	4,161,157
Interest and mark-up accrued		152,441	194,817
Trade and other payables		431,052	325,148
		3,338,665	7,799,232
<b>TOTAL LIABILITIES</b>		4,385,393	8,258,383
<b>Contingencies and commitments</b>			
	15		
<b>TOTAL EQUITY AND LIABILITIES</b>		5,317,407	9,314,957

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

**CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Note	Nine months period ended		Quarter ended	
		March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
(Rupees in '000)					
<b>Income</b>					
Income from investments	16	344,786	540,405	65,981	216,249
Income from loans and advances		12,577	38,842	217	7,051
Income from lease finance		14,665	61,073	4,919	16,345
Income from lendings - secured		46,245	55,433	20,705	18,083
Remuneration from funds under management - net		37,637	33,362	12,571	10,040
Income from fees, commission and brokerage		65,681	199,495	25,628	88,147
		521,591	928,610	130,021	355,915
Finance costs		477,843	655,674	96,711	249,262
		43,748	272,936	33,310	106,653
Administrative and general expenses		207,135	274,824	67,483	92,562
		(163,387)	(1,888)	(34,173)	14,091
Other operating income		70,672	32,211	7,213	9,933
		(92,715)	30,323	(26,960)	24,024
Other operating expenses		4,396	18,324	1,332	5,901
<b>Operating (loss) / profit before provisions and share of profit in associates</b>		(97,111)	11,999	(28,292)	18,123
Provision for bad and doubtful loans and advances / lease losses - specific - net		(48,797)	-	(25,799)	-
(Impairment) / reversal of Impairment against term finance certificates & fund placements		(25,468)	21,550	-	-
		(171,376)	33,549	(54,091)	18,123
Share of profit in associates		15,616	44,934	8,932	15,143
<b>(Loss) / profit before taxation</b>		(155,760)	78,483	(45,159)	33,266
Taxation		26,029	(14,460)	19,465	(3,615)
<b>(Loss) / profit after taxation</b>		(129,731)	64,023	(25,694)	29,651
(Loss) / gain attributable to non-controlling interest		-	-	-	-
(Loss) / gain attributable to shareholders		(129,731)	64,023	(25,694)	29,651
(Loss) / profit after taxation		(129,731)	64,023	(25,694)	29,651
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive (loss) / income - net of tax		(129,731)	64,023	(25,694)	29,651
(Loss) / gain attributable to non-controlling interest		-	-	-	-
<b>(Loss) / gain attributable to shareholders</b>		(129,731)	64,023	(25,694)	29,651
(Rupee)					
<b>(Loss) / earning per share - basic</b>		(0.61)	0.30	(0.12)	0.14

'The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Nine months period ended	
	March 31, 2012	March 31, 2011
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit for the period before taxation	(155,760)	78,483
<b>Adjustments for non cash and other items:</b>		
Gain on disposal of fixed assets	(1,819)	(4,435)
Depreciation on property and equipment and investment property	12,773	25,215
Amortization on intangible assets	2,410	3,920
Amortization of transaction cost on term finance certificates	-	489
Provision for staff gratuity scheme	748	2,219
Interest, mark-up and profit income	(345,439)	(523,999)
Dividend income	(30,177)	(51,315)
Finance cost	477,843	695,098
Share of profit in associates	(15,616)	(44,934)
Provision / (reversal) against other assets	437	(104)
Impairment against Term Finance Certificates - net	25,468	-
Provision for bad and doubtful loans and advances / lease losses - specific - net	48,797	-
	175,425	102,154
	19,665	180,637
<b>Decrease / (Increase) in current assets:</b>		
Short-term loans and advances	27,485	15,316
Landings - secured	(693,842)	(354,544)
Short-term investments	3,987,339	(1,800,388)
Trade debts - net	490,642	(648,100)
Deposits, prepayments and other receivables	(86,642)	(44,182)
	3,724,982	(2,831,898)
<b>(Decrease) / increase in current liabilities:</b>		
Short-term certificates of deposit	(749,931)	(544,958)
Borrowings from financial institutions	(3,281,731)	2,427,011
Trade and other payables	110,194	70,822
	(3,921,468)	1,952,875
	(176,821)	(698,386)
Repayment of long-term loans and advances - net	29,025	1,765
Net recovery from finance lease	152,499	440,694
Long-term deposits	411	(706)
Issuance / (Repayment) of long term certificates of deposit	495,379	(12,865)
Payments of deposits under lease contracts	(58,333)	(65,052)
Interest, mark-up and profit received	326,846	495,693
Dividend received	19,387	32,152
Finance cost paid	(520,219)	(620,125)
Income tax paid	(16,387)	(34,735)
Gratuity paid	(5,038)	(3,975)
<b>Net cash generated from operating activities</b>	423,570	232,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(11,737)	(20,508)
Investment made / (disposed) in associates	105,103	262,746
Proceeds from disposal of fixed assets	14,441	12,083
<b>Net cash generated from investing activities</b>	107,807	254,321
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Princiapl redemption of term finance certificates	(62,475)	(124,478)
Lease rentals paid	-	(846)
Subordinated loan	650,000	-
Long-term finance - net repaid	(50,000)	(83,926)
<b>Net cash generated from / (used in) financing activities</b>	537,525	(209,250)
<b>Net increase / (decrease) in cash and cash equivalents</b>	892,081	(420,469)
Cash and cash equivalents at the beginning of the period	(740,820)	(231,401)
<b>Cash and cash equivalents at the end of the period</b>	151,261	(651,870)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	151,261	161,146
Running finance utilised under mark-up arrangement	-	(813,016)
	151,261	(651,870)

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Reserves					Total Reserves	Non-Controlling interest	Total
	Capital		Revenue					
	Issued, subscribed and paid-up capital	Reserve arising on acquisition of non-controlling interest	Statutory Reserve	General Reserve	Accumulated Profit / (loss)			
(Rupees in '000)								
<b>Balance as at June 30, 2010</b>	2,121,025	(21,686)	97,098	39,733	(852,534)	(737,389)	45	1,383,681
Profit after taxation for the nine months period ended March 31, 2011	-	-	-	-	64,023	64,023	-	64,023
Profit attributable to non-controlling Interest	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	64,023	64,023	-	64,023
Total Comprehensive income	-	-	-	-	64,023	64,023	-	64,023
<b>Balance as at March 31, 2011</b>	<u>2,121,025</u>	<u>(21,686)</u>	<u>97,098</u>	<u>39,733</u>	<u>(788,511)</u>	<u>(673,366)</u>	<u>45</u>	<u>1,447,704</u>
<b>Balance as at June 30, 2011</b>	2,121,025	(21,686)	97,098	39,733	(1,124,152)	(1,009,007)	45	1,112,063
Loss after taxation for the nine months period ended March 31, 2012	-	-	-	-	(129,731)	(129,731)	-	(129,731)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive loss	-	-	-	-	(129,731)	(129,731)	-	(129,731)
<b>Balance as at March 31, 2012</b>	<u>2,121,025</u>	<u>(21,686)</u>	<u>97,098</u>	<u>39,733</u>	<u>(1,253,883)</u>	<u>(1,138,738)</u>	<u>45</u>	<u>982,332</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim consolidated financial statements.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAIISHI**  
Managing Director & Chief Executive



---

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**1. THE GROUP AND ITS OPERATIONS**

The Group consists of :

**Holding company**

IGI Investment Bank Limited ("IGI BANK")

**Subsidiary companies**

**Percentage holding**

IGI Finex Securities Limited

100%

IGI Funds Limited

99.97%

**IGI Investment Bank Limited**

IGI Bank is a public limited company incorporated in Pakistan on February 07, 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 2008 (the NBFC Regulations). IGI Bank's shares are quoted on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of IGI Bank is situated at 5 F.C.C., Syed Maratab Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial statements of IGI Bank for the year ended June 30, 2011, the Pakistan Credit Rating Agency (PACRA) has assigned the long-term credit rating of IGI Bank as 'A-' and the short-term rating as 'A2'.

**IGI Finex Securities Limited (IGI Finex)**

IGI Finex was incorporated in Pakistan on June 28, 1994 as a public limited company under the Companies Ordinance, 1984. The registered office of the company is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi. The company is a public unlisted company and a corporate member of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited). The company is a wholly owned subsidiary of IGI Investment Bank Limited.

The principal activities of IGI Finex include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services. Other activities include investment in securities and reverse repurchase transactions.

**IGI Funds Limited (IGI Funds)**

IGI Funds was incorporated in Pakistan on January 18, 2006 under the Companies Ordinance, 1984 with the name of "First International Capital Management Limited" as a public limited company. The Company obtained its Certificate of commencement of business on May 12, 2006. The name of the Company was subsequently changed to "IGI Funds Limited" on July 11, 2006. The Company is licensed to carry out Asset Management Services and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The principal activities of the Company are floating and managing mutual funds. The registered office of the Company is situated at 5 F.C.C Ground Floor, Syed Maratab Ali Road Gulberg, Lahore.

---

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**2. BASIS OF PRESENTATION**

- a) The consolidated financial statements include the financial statements of IGI Investment Bank Limited and its subsidiary companies.
- 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 Mar 31, 2012 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) Non-controlling interests are that part of the net results of operations and net assets of subsidiary companies attributable to interests which are not owned by the Group.

**3. STATEMENT OF COMPLIANCE**

These 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations or the directives issued by 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 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies as are engaged in investment finance services, discounting services and housing finance services.

These financial statements are the consolidated financial statements of the Bank and its subsidiary companies. In addition to these financial statements, separate standalone financial statements of IGI Bank have also been prepared.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

		(Un-audited) March 31, 2012	(Audited) June 30, 2011
	Note	----- (Rupees in '000) -----	
<b>5. FIXED ASSETS</b>			
Property and equipment	5.1	58,645	72,307
Intangible assets		77,233	79,394
Capital work-in-progress		44	63
		135,922	151,764
<b>5.1 Property and equipment</b>			
Opening written down value		72,307	101,184
Additions		11,508	23,090
Less: Disposals written down value		(12,622)	(19,993)
Depreciation for the period / year		(12,548)	(31,974)
Closing written down value		58,645	72,307
<b>6 LONG-TERM INVESTMENTS</b>			
<b>Available for sale - at cost:</b>			
Investment in unquoted companies		98,932	98,932
Investment in unquoted preference shares		20,000	20,000
		118,932	118,932
Less: Impairment against investments		(96,000)	(96,000)
		22,932	22,932
<b>7 INVESTMENTS IN ASSOCIATES</b>			
<b>7.1 Movement of investment in associates</b>			
Opening balance		293,890	697,574
Net additions / deletions made during the period / year		(105,103)	(403,684)
Total acquisition at cost	7.2	188,787	293,890
Post acquisition share of associates profit		94,616	79,000
		283,403	372,890
<b>7.2 Investment in associate companies</b>			
IGI Income Fund		54,272	66,985
IGI Money Market Fund		84,515	70,293
IGI Islamic Income Fund		-	56,612
IGI Capital Protected Fund		50,000	100,000
		188,787	293,890

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

			<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>Note</b>	<b>March 31,</b>	<b>June 30,</b>
			<b>2012</b>	<b>2011</b>
			-----	-----
			<b>(Rupees in '000)</b>	<b>(Rupees in '000)</b>
<b>8</b>	<b>NET INVESTMENT IN FINANCE LEASE</b>			
	Lease rental receivables		462,969	582,065
	Add: Residual value		278,794	337,126
			<u>741,763</u>	<u>919,191</u>
	Less: Unearned finance income		(17,290)	(40,380)
			<u>724,473</u>	<u>878,811</u>
	Less: Provision for lease losses		(234,593)	(213,724)
	Less: Current maturity of net investment in finance lease		(434,682)	(522,823)
			<u>55,198</u>	<u>142,264</u>
<b>9</b>	<b>LENDINGS - SECURED</b>			
	Repurchase agreements (Reverse Repo)	9.1	<u>807,842</u>	<u>114,000</u>
<b>9.1</b>	These carry mark-up at rates ranging from 11.75% to 19.00% (June 30, 2011: 18.00% to 19%) per annum and are repayable latest by April 02, 2012.			
<b>10</b>	<b>SHORT-TERM INVESTMENTS</b>			
	<b>Held-to-maturity</b>			
	Commercial paper		-	9,895
	<b>Held-for-trading</b>			
	Government securities		44,935	3,618,732
	Listed Shares		-	8,225
	Listed term finance certificates		2,213	2,197
			<u>47,148</u>	<u>3,629,154</u>
	<b>Available-for-sale</b>			
	Term finance certificates		1,387,271	1,662,770
	Listed shares and certificates		196,049	312,520
			<u>1,583,320</u>	<u>1,975,290</u>
			1,630,468	5,614,339
	<b>Impairment loss on term finance certificates</b>		(134,155)	(108,686)
			<u>1,496,313</u>	<u>5,505,653</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	<b>(Un-audited)</b> <b>March 31,</b> <b>2012</b>	<b>(Audited)</b> <b>June 30,</b> <b>2011</b>
	----- (Rupees in '000) -----	
<b>11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Deposits</b>		
Pakistan Mercantile Exchange Limited - margin deposit	11,321	11,479
Exposure deposits with Karachi Stock Exchange (Guarantee) Limited	77,100	39,800
Others	834	1,772
	89,255	53,051
Prepaid expenses	8,219	21,710
<b>Other receivables - net</b>		
<b>Secured - considered good:</b>		
Assets repossessed in respect of terminated lease contracts	11,877	1,951
Excise duty paid on behalf of customers	4,471	4,471
Dividend receivable	12,415	1,625
<b>Balances due from related parties:</b>		
IGI Income Fund	1,616	1,338
IGI Stock Fund	1,259	929
IGI Islamic Income Fund	574	2,024
IGI Money Market Fund	2,840	1,603
IGI Aggressive Income Fund	943	1,468
IGI Capital Protected Fund	2,270	1,165
Staff Provident Fund of IGI Bank Limited	-	744
Staff Gratuity Fund of IGI Bank Limited	891	254
	10,393	9,525
Accrued commission / fee income	5,702	5,937
Receivable against sale of securities	97,841	46,148
Fair value of derivative financial instruments	-	401
Insurance rental receivable	1,459	1,071
Others	12,273	11,020
<b>Unsecured and considered doubtful:</b>		
Other receivables	25,583	25,583
Receivable from lessees in satisfaction of claims	20,716	20,186
Receivable against settlement of fund placement	13,750	13,750
	60,049	59,519
Less: Provision for bad and doubtful receivables	(54,749)	(54,219)
	<u>259,205</u>	<u>162,210</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

			(Un-audited) March 31, 2012	(Audited) June 30, 2011
			----- (Rupees in '000) -----	
<b>12</b>	<b>DEFICIT ON REVALUATION OF INVESTMENTS</b>	<b>Note</b>		
	<b>- NET OF TAX</b>			
	Net surplus / (deficit) on revaluation of:			
	government securities		(3,311)	(9,383)
	listed and unlisted term finance certificates		(44,784)	(55,290)
	listed shares and certificates		(21,181)	(13,405)
	fair value of derivative financial instruments		-	401
			<u>(69,276)</u>	<u>(77,677)</u>
	Impairment loss on equity investments classified as 'available- for-sale' - transferred to profit and loss account		-	4,933
			<u>(69,276)</u>	<u>(72,744)</u>
	Related deferred tax asset - net		18,957	17,255
			<u>(50,319)</u>	<u>(55,489)</u>
<b>13</b>	<b>SUBORDINATED LOAN</b>	<b>13.1</b>	<u>650,000</u>	<u>-</u>
<b>13.1</b>	During the period, a loan of Rs.650 million was disbursed by the chairman / director of the Bank to IGI Finex Securities Limited (IFSL), a wholly owned subsidiary of the Bank, in order to improve its liquidity position and financial health.			
	On December 27, 2011, the Bank has entered into an agreement with IFSL and chairman / director of the Bank, whereby the Bank has undertaken to fully settle the above loan on behalf of IFSL and as a result would become lender to IFSL of Rs. 650 million. This agreement is subject to legal and regulatory approvals and exemptions as may be required by the Bank for the said transaction.			
			(Un-audited) March 31, 2012	(Audited) June 30, 2011
			----- (Rupees in '000) -----	
<b>14</b>	<b>BORROWINGS FROM FINANCIAL INSTITUTIONS</b>			
	<b>Secured</b>			
	Running finance utilized under mark-up arrangement		-	879,426
	Securities sold under repurchase agreements		-	3,281,731
			<u>-</u>	<u>4,161,157</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**15 CONTINGENCIES AND COMMITMENTS**

**15.1** There has been no change in the status of contingencies as disclosed in last annual audited consolidated financial statements.

(Un-audited)      (Audited)  
March 31,      June 30,  
2012              2011  
----- (Rupees in '000) -----

**15.2 Commitments**

Commitment in respect of forward sale of shares	-	58,936
---	---	--------

**16 INCOME FROM INVESTMENTS**

	Nine Months Period Ended		Quarter ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	----- (Rupees in '000) -----			
Interest / mark-up / profit on investments	264,025	333,317	42,474	139,149
Gain on disposal of investments	50,584	155,651	11,092	52,423
Dividend income	30,177	51,437	12,415	24,677
	344,786	540,405	65,981	216,249

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**17 TRANSACTIONS WITH RELATED PARTIES**

<b>Description</b>	<b>Nine months period ended March 31, 2012</b>		
	<b>Related parties including associated undertakings</b>	<b>Key management personnel</b>	<b>Total</b>
	----- (Rupees in '000) -----		
<b>Transactions during the period</b>			
Certificates of deposits issued	979,876	209	980,085
Certificates of deposits matured	363,468	209	363,677
Insurance premium paid	2,618	-	2,618
Purchase of fixed assets	9	-	9
Sale of fixed assets	2,242	8,856	11,098
Group share services	10,823	-	10,823
Purchase of marketable securities	470,564	165,675	636,239
Sale of marketable securities	330,518	184,185	514,703
Sale of term finance certificates	40,536	-	40,536
Purchase of term finance certificates	122,987	-	122,987
Sale of Government Securities	417,570	-	417,570
Purchase of Government Securities	-	-	-
Investment in mutual fund units	345,452	-	345,452
Redemption of mutual fund units	437,026	-	437,026
Income from loans and finances	-	9	9
Brokerage, commission and fees paid	1,747	209	1,956
Return on certificates of deposit	68,776	2	68,778
Rent expense	12,602	-	12,602
Reimbursement of rent	47	-	47
Traveling and lodging	-	1,393	1,393
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund & IGI Capital Protected Fund	56,916	-	56,916
Sales load- IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund & IGI Capital Protected Fund	6,172	-	6,172
Legal and professional charges paid on behalf of IGI Capital Protected Fund	405	-	405
Advertisement charges paid on behalf of IGI Capital Protected Fund	229	-	229
Initial and Annual listing fee paid on behalf of IGI Capital Protected Fund	95	-	95
Formation cost receivable from IGI Sovereign Fund	125	-	125
Charge for the year in respect of employee benefit and contribution plan	4,098	-	4,098
Remuneration to key management personnel	-	33,376	33,376

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

Description	Nine months period ended March 31, 2011		
	Related parties including associated undertakings	Key management personnel	Total
(Rupees in '000)			
<b>Transactions during the period</b>			
Certificates of deposits issued	3,030,776	117,506	3,148,282
Certificates of deposits matured	2,668,902	110,938	2,779,840
Insurance premium paid	2,472	-	2,472
Sale of fixed assets	47	1,350	1,397
Group share services	9,629	-	9,629
Purchase of marketable securities	568,141	63,005	631,146
Sale of marketable securities	162,423	56,609	219,032
Sale of term finance certificates	249,795	-	249,795
Purchase of term finance certificates	217,771	-	217,771
Sale of Government Securities	473,099	-	473,099
Purchase of Government Securities	486	-	486
Investment in mutual fund units	1,335,734	-	1,335,734
Redemption of mutual fund units	1,573,110	-	1,573,110
Income from loan and finances	-	180	180
Borrowings-secured	301,576	-	301,576
Markup on borrowings-secured	22,892	-	22,892
Brokerage, commission and fees earned	3,530	112	3,642
Return on certificates of deposit	102,986	1,112	104,098
Rent expense	12,882	-	12,882
Reimbursement of rent	3,810	-	3,810
Traveling and lodging	-	2,121	2,121
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund & IGI Aggressive Income Fund	46,827	-	46,827
Sales load- IGI Stock Fund & IGI Islamic Income Fund	1,103	-	1,103
Legal and professional charges received from IGI Income Fund, IGI Stock Fund & IGI Aggressive Income Fund	1,031	-	1,031
Printing charges received from IGI Income Fund, IGI Stock Fund, IGI Money Market Fund & IGI Aggressive Income Fund	238	-	238
Formation cost paid on behalf of IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund & IGI Aggressive Income Fund	7,609	-	7,609
Rating fee received from IGI Islamic Income Fund & IGI Money Market Fund	350	-	350
Annual listing fee received from IGI Money Market Fund	95	-	95
Charge for the year in respect of employee benefit and contribution plan	5,965	-	5,965
Remuneration to key management personnel	-	45,841	45,841

**18 SEGMENTAL ANALYSIS**

The Group's activities are broadly categorized into four primary business segments namely financing activities, investment activities, brokerage activities and asset management services.

**Financing activities**

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers including lease financing.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

**Investing activities**

Investment activities include money market activities, investment in government securities, advisory services, capital market activities and the management of the Group's liquidity.

**Brokerage activities**

Brokerage activities include brokerage services offered to retail and institutional clients.

**Asset management services**

Asset management services include the services provided for the management of collective investment schemes.

	Nine months period ended March 31, 2012				Total
	Financing activities	Investing activities	Brokerage activities	Asset Management services	
----- (Rupees in '000) -----					
Income from investments	-	357,060	2,313	1,029	360,402
Income from loans and advances	12,577	-	-	-	12,577
Income from lease finance	14,665	-	-	-	14,665
Income from lendings - secured	30,031	-	16,214	-	46,245
Remuneration from funds under management - net	-	-	-	37,637	37,637
Income from fees, commission and brokerage	-	19,318	41,804	4,559	65,681
<b>Total income for reportable segments</b>	<u>57,273</u>	<u>376,378</u>	<u>60,331</u>	<u>43,225</u>	<u>537,207</u>
Finance costs	(86,097)	(349,056)	(42,686)	(4)	(477,843)
Administrative and general expenses					
(excluding depreciation and amortization)	(8,999)	(18,464)	(27,577)	(25,095)	(80,135)
Depreciation and amortization	(1,138)	(7,480)	(5,870)	(695)	(15,183)
Provision for bad and doubtful debts					
(general and specific) - net	(48,797)	-	-	-	(48,797)
Provision against other assets	(530)	-	-	-	(530)
Impairment charge against investments	-	(25,468)	-	-	(25,468)
<b>Segment result</b>	<u>(88,288)</u>	<u>(24,090)</u>	<u>(15,802)</u>	<u>17,431</u>	<u>(110,749)</u>
Other operating income					70,672
Unallocated administrative expenses					(111,817)
Unallocated other operating expenses					(3,866)
<b>Loss before taxation</b>					<u>(155,760)</u>
Segment assets	<u>1,421,241</u>	<u>1,837,634</u>	<u>567,837</u>	<u>80,972</u>	3,907,684
Unallocated assets					1,409,723
					<u>5,317,407</u>
Segment liabilities	<u>1,046,080</u>	<u>2,105,819</u>	<u>650,000</u>	<u>16,981</u>	3,818,880
Unallocated liabilities					566,513
					<u>4,385,393</u>
Capital expenditure - tangible	<u>1,200</u>	<u>7,889</u>	<u>1,582</u>	<u>817</u>	11,488
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>249</u>	<u>-</u>	249



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2012

	Nine months period ended March 31, 2011				Total
	Financing activities	Investing activities	Brokerage activities	Asset Management services	
(Rupees in '000)					
Income from investments	-	580,678	3,821	840	585,339
Income from loans and advances	38,842	-	-	-	38,842
Income from lease finance	61,073	-	-	-	61,073
Income from lendings - secured	-	39,278	16,155	-	55,433
Remuneration from funds under management - net	-	-	-	33,362	33,362
Income from fees, commission and brokerage	-	18,164	177,305	4,026	199,495
Total income for reportable segments	99,915	638,120	197,281	38,228	973,544
Finance costs	(96,920)	(487,980)	(70,707)	(67)	(655,674)
Administrative and general expenses (excluding depreciation and amortization)	(17,947)	(21,348)	(72,633)	(34,600)	(146,528)
Depreciation and amortization	(2,333)	(14,769)	(10,485)	(1,548)	(29,135)
Provision for bad and doubtful debts (general and specific) - net	-	-	-	-	-
Reversal of impairment against fund placements	21,550	-	-	-	21,550
<b>Segment result</b>	<u>4,265</u>	<u>114,023</u>	<u>43,456</u>	<u>2,013</u>	<u>163,757</u>
Other operating income					32,211
Unallocated administrative expenses					(99,161)
Unallocated other operating expenses					(18,324)
<b>Profit before Taxation</b>					<u>78,483</u>
Segment assets	<u>1,138,833</u>	<u>7,153,252</u>	<u>1,534,660</u>	<u>22,525</u>	9,849,270
Unallocated assets					377,860
					<u>10,227,130</u>
Segment liabilities	<u>1,233,525</u>	<u>6,711,165</u>	<u>834,384</u>	<u>13,508</u>	8,792,582
Unallocated liabilities					41,842
					<u>8,834,424</u>
Capital expenditure - tangible	<u>1,718</u>	<u>10,874</u>	<u>5,496</u>	<u>2,005</u>	20,093
Capital expenditure - intangible	<u>41</u>	<u>259</u>	<u>115</u>	<u>-</u>	415

**19 DATE OF AUTHORIZATION OF ISSUE**

The financial statements were approved by the Board of Directors and authorized for issue on April 25, 2012.

**20 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**SYED BABAR ALI**  
Chairman

**TARIQ HASAN QURAISHI**  
Managing Director & Chief Executive

**IGI Investment Bank Limited**

7th floor, The Forum, Suite 701-713, Khayaban-e-Jami, Clifton, Karachi  
Phone: (92-21) 111-234-234 Fax: (92-21) 111-567-567