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COMPANY INFORMATION

Borad of Directors

Mr. Syed Babar Ali, Chairman
Mr. Towfiq H. Chinoy
Mr. Farid Khan
Mr. Arif Faruque
Mr. Jalees A. Siddiqi
Mr. Khalid Yacob

Audit Committee

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

H.R&R Committee

Mr. Towfiq Chinoy, Chairman
Mr. Farid Khan
Mr. Khalid Yacob

Auditors

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

Legal Advisors

M/s Access World Law Company
M/s A.W. Butt & Associates
M/s Azam Lawyers & Consultants
M/s Chaudhry Abdul Rauf & Co.
M/s S. & B. Durrani Law Associates
M/s Hassan & Hassan Advocates
M/s Haider Mota & Co.
M/s Jurists & Arbitrators Advocates
& Consultants
M/s Lexicon Law Firm
M/s Mandviwala & Zafar Advocates
M/s Mian Law Associates
M/s Mohsin Tayebaly & Co.
M/s Mughees Law Associates
M/s Naveed ul Zaman & Associates
M/s ORR, Dignam & Co.
M/s Rahman Law Associates

Bankers

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

Shares Registrar

THK Associates (Pvt.) Limited
Ground Floor, State Life
Building # 3, Dr. Ziauddin Ahmed
Road, Karachi, 75530
P.O Box # 8533
UAN: (+92-21) 111-000-322
Fax: (+92-21) 35655595
E-mail: scretariat@thk.com.pk

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

7th 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

Email

contact.center@igi.com.pk

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of IGI Investment Bank Limited is pleased to submit the un-audited condensed interim financial statements for the nine months period ended March 31, 2014.

During the nine months period of financial year 2013-2014, the NBFC sector has continued to face impediments in its business activities.

Financial Summary

	----- Rupees in thousands -----	
	March 31, 2014	March 31, 2013
Gross Revenue	23,847	211,885
Loss for the period before taxation	133,506	324,020
Taxation – net	(311)	(16,097)
Loss for the period after taxation	133,817	340,117
Loss per Share (In Rupee)	0.63	1.60
	March 31, 2014	June 30, 2013
Total Assets	889,246	1,510,253

The annual audited financial statements for the year ended June 30, 2013, condensed interim financial statements for the half year ended December 31, 2013 and respective Directors' Reports thereon (**'previous period financial statements'**) disclosed in detail:

- the financial difficulties being faced by the Bank which indicate the existence of a material uncertainty about the Bank's ability to continue as a going concern; and
- the mitigating factors based on which the management believes that the Bank will be able to continue as a going concern.

In line with the mitigating factors as disclosed in the previous period financial statements, following measures have been taken by the Bank.

- The Bank has not raised any fresh deposits or rolled over existing deposits of any third party and the management is in the process of repaying all its deposits, in compliance with the directives earlier issued by the SECP. As at March 31, 2014, deposits payable to third parties amounted to Rs.11.8 million.
- As detailed in note 11.1 to these condensed interim financial statements, the Chairman and sponsor of the Bank has disbursed a long term interest free loan amounting to Rs. 285 million to the Bank which has been utilized by the Bank to repay third party its deposits.
- Assets acquired in satisfaction of claims amounting to Rs.66.210 million have been sold after the current period balance sheet date and the proceeds have also been utilized by the Bank to repay its deposits.
- The management of the Bank has continued to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. Considerable recoveries are continuously being made by the management.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Currently, the Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. Further, licenses of the Bank in respect of undertaking leasing and investment finance services, which expired during last financial year, are pending renewal by the SECP.

However, the management of the Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator.

Material Information

In addition to the above, the board of directors of the Bank has approved the proposed merger of IGI Investment Bank Limited with IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary.

It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services.

Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

Acknowledgement

We are thankful to our shareholders, valued customers, business partners and employees for their continued support.

For & on behalf of the Board

SYED BABAR ALI
Chairman

KHALID YACOB
Director

Date: April 18, 2014.

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014

ASSETS	Note	(Un-audited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
Non-current assets			
Fixed assets	4	7,423	18,917
Long-term investments	5	245,619	245,930
Long-term loans and advances - net		-	7,632
Net investment in finance lease		-	2,403
Long-term deposits		4,669	4,669
Deferred tax asset - net		-	-
		257,711	279,551
Current assets			
Assets acquired in settlement of claims	6	66,210	69,843
Current maturity of non-current assets	7	290,997	405,513
Short-term loans and advances		192	480
Short-term investments	8	7,473	167,563
Taxation - net		239,373	238,664
Prepayments and other receivables		22,586	22,718
Interest, mark-up and profit accrued		129	2,413
Cash and bank balances	9	4,575	123,755
		631,535	1,030,949
Non-current assets held for sale		-	199,753
		631,535	1,230,702
TOTAL ASSETS		889,246	1,510,253
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated loss		(2,224,176)	(2,090,359)
	10	33,680	167,497
(Deficit) / surplus on revaluation of investments - net of tax		(311)	1,367
		33,369	168,864
Non-current liabilities			
Long-term loan	11	285,000	-
Long-term certificates of deposit		-	197,274
Long-term deposits under lease contracts		-	1,048
		285,000	198,322
Current liabilities			
Current maturity of non-current liabilities	12	235,852	454,689
Short-term certificates of deposit	13	264,433	610,016
Interest and mark-up accrued		8,856	35,328
Trade and other payables	14	61,736	43,034
		570,877	1,143,067
TOTAL LIABILITIES		855,877	1,341,389
TOTAL EQUITY AND LIABILITIES		889,246	1,510,253
Contingencies and commitments	15		

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

SYED BABAR ALI
Chairman

KHALID YACOB
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Note	Nine months period ended		Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Rupees in '000)					
Income					
Income from investments	16	8,189	160,192	399	15,657
Income from loans and advances		1,039	4,013	293	271
Income from lease finance (net of termination losses)		(4,089)	12,818	1,673	4,337
Income from lendings		-	4,026	-	-
Income from fees, commission and brokerage		5,865	13,699	1,610	2,553
		<u>11,004</u>	<u>194,748</u>	<u>3,975</u>	<u>22,818</u>
Finance costs		60,126	207,031	11,577	50,055
		<u>(49,122)</u>	<u>(12,283)</u>	<u>(7,602)</u>	<u>(27,237)</u>
Administrative and general expenses	17	39,321	102,061	10,961	30,601
		<u>(88,443)</u>	<u>(114,344)</u>	<u>(18,563)</u>	<u>(57,838)</u>
Other operating income		12,843	17,137	10,678	5,732
		<u>(75,600)</u>	<u>(97,207)</u>	<u>(7,885)</u>	<u>(52,106)</u>
Other operating expenses		1,259	1,254	310	260
Operating loss before provisions		<u>(76,859)</u>	<u>(98,461)</u>	<u>(8,195)</u>	<u>(52,366)</u>
Provision for bad and doubtful loans and advances / lease losses - specific - net		(58,439)	(183,021)	-	2,529
Reversal of impairment / (impairment) against term finance certificates - net		2,225	(57,879)	820	1,404
Impairment against assets acquired in settlement of claims		(3,633)	-	-	-
Impairment against quoted shares		-	(31,565)	-	-
Gain on sale of term finance certificates		3,200	46,906	-	-
		<u>(56,647)</u>	<u>(225,559)</u>	<u>820</u>	<u>3,933</u>
Loss before taxation		<u>(133,506)</u>	<u>(324,020)</u>	<u>(7,375)</u>	<u>(48,433)</u>
Taxation - net		(311)	(16,097)	(71)	(383)
Loss after taxation		<u>(133,817)</u>	<u>(340,117)</u>	<u>(7,446)</u>	<u>(48,816)</u>
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive loss		<u>(133,817)</u>	<u>(340,117)</u>	<u>(7,446)</u>	<u>(48,816)</u>
(Rupee)					
Loss per share		<u>(0.63)</u>	<u>(1.60)</u>	<u>(0.04)</u>	<u>(0.23)</u>

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

SYED BABAR ALI
Chairman

KHALID YACOB
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Nine months period ended	
	March 31, 2014	March 31, 2013
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(133,506)	(324,020)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	(9,375)	(3,129)
Depreciation on property and equipment	2,428	5,249
Amortisation on intangible assets	365	675
Interest, mark-up and profit income	(8,652)	(184,499)
Dividend income	-	(14,201)
Finance costs	60,126	207,031
Provision for bad and doubtful loans and advances / lease losses - specific - net	58,439	183,021
Impairment against quoted shares	-	31,565
Gain on sale of term finance certificate	(3,200)	(46,906)
Impairment against assets acquired in settlement of claims	3,633	-
(Reversal of impairment) / impairment against term finance certificates	(2,225)	57,879
	101,539	236,685
	(31,967)	(87,335)
Decrease / (increase) in current assets:		
Short-term loans and advances	288	2,506
Lendings - secured	-	-
Short-term investments	160,090	1,215,059
Prepayments and other receivables	1,771	1,300
	162,149	1,218,865
(Decrease) / increase in current liabilities:		
Short-term certificates of deposit	(345,583)	(724,056)
Borrowings from financial institutions	-	143,972
Trade and other payables	18,702	8,366
	(326,881)	(571,718)
	(196,699)	559,812
Repayments / (disbursements) of long-term loans and advances - net	14,797	(21,508)
Net recovery from finance lease	53,734	126,043
Assets acquired in settlement of claims	-	(46,906)
Long-term deposits	-	(54)
(Repayments) / disbursement of long-term certificates of deposit - net	(407,875)	(713,938)
Payments of deposits under lease contracts	(9,284)	(29,904)
Interest, mark-up and profit received	10,936	203,926
Dividend received	-	14,201
Finance cost paid	(86,598)	(260,171)
Income tax paid	(1,020)	(4,611)
Net cash used in operating activities	(425,310)	(732,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(856)
Proceeds of long-term investments - net	-	203,100
Proceeds from divestment in subsidiary	199,753	-
Proceeds from disposal of fixed assets	18,076	10,303
Net cash flows generated from investing activities	217,829	212,547
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan	285,000	(50,000)
Net cash flows used in financing activities	285,000	(50,000)
Net (decrease) / increase in cash and cash equivalents	(119,180)	(10,563)
Cash and cash equivalents at the beginning of the period	123,755	126,282
Cash and cash equivalents at the end of the period	4,575	115,719
Cash and cash equivalents at the end of the period	4,575	115,719

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

SYED BABAR ALI
Chairman

KHALID YACOB
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital Statutory reserve	Revenue		
			General reserve		Accumulated loss
----- (Rupees in '000) -----					
Balance as at June 30, 2012	2,121,025	97,098	39,733	(1,007,486)	1,250,370
Loss after taxation for the nine months period ended March 31, 2013	-	-	-	(340,117)	(340,117)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(340,117)	(340,117)
Balance as at March 31, 2013	2,121,025	97,098	39,733	(1,347,603)	910,253
Balance as at June 30, 2013	2,121,025	97,098	39,733	(2,090,359)	167,497
Loss after taxation for the nine months period ended March 31, 2014	-	-	-	(133,817)	(133,817)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(133,817)	(133,817)
Balance as at March 31, 2014	2,121,025	97,098	39,733	(2,224,176)	33,680

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

SYED BABAR ALI
Chairman

KHALID YACOB
Director

**STATEMENT PURSUANT TO SECTION 241(2)
OF THE COMPANIES ORDINANCE, 1984**

1. This statement is hereby subjoined to the balance sheet and profit and loss account for the period ended March 31, 2014 (the “Condensed Interim Financial Statements”) of IGI Investment Bank Limited (the “Bank”) in due compliance with the provisions of Section 241(2), and for the reasons set forth below:
 - a. as per Section 245 of the Companies Ordinance, 1984, the Condensed Interim Financial Statements of the Bank are required to be prepared and transmitted to the members of the Bank and the Exchanges, and filed with the Securities and Exchange Commission of Pakistan within one month of the close of the financial quarter, i.e. April 30, 2014 in respect of the third quarterly accounts;
 - b. accordingly, the Condensed Interim Financial Statements were due to be approved by the Board of Directors of the Bank in their meeting on April 18, 2014;
 - c. prior to the aforesaid meeting of the Board of Directors of the Bank, the Chief Executive Officer of the Bank, Mr. Tariq Hasan Quraishi, resigned from the said office;
 - d. accordingly, to ensure due compliance with the provisions of the Companies Ordinance, 1984, in the absence of the Chief Executive Officer, the Condensed Interim Financial Statements have been signed by two directors of the Bank, namely Mr. Syed Babar Ali and Mr. Khalid Yacob, and this statement has been subjoined thereto.
2. It may be further noted that in further compliance with the requirements of Section 241(2), this statement has been signed by Mr. Syed Babar Ali and Mr. Khalid Yacob.

SYED BABAR ALI
Chairman

KHALID YACOB
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

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 - 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

The Pakistan Credit Rating Agency (PACRA) has assigned the Bank a rating of 'BBB-' (long-term credit rating) and 'A3' (short-term credit rating) on February 28, 2014.

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

1.3 The annual audited financial statements for the year ended June 30, 2013 and condensed interim financial statements for the half year ended December 31, 2013 ('previous period financial statements') disclosed in detail:

- the financial difficulties being faced by the Bank which indicate the existence of a material uncertainty about the Bank's ability to continue as a going concern; and
- the mitigating factors based on which the management believes that the Bank will be able to continue as a going concern.

In line with the mitigating factors as disclosed in the previous period financial statements, following measures have been taken by the Bank:

- the Bank has not raised any fresh deposits or rolled over existing deposits of any third party and the management is in the process of repaying all its deposits, in compliance with the directives earlier issued by the SECP. As at March 31, 2014, deposits payable to third parties amounted to Rs.11.8 million;
- as detailed in note 11.1 to these condensed interim financial statements, the Chairman and sponsor of the Bank has disbursed a long term interest free loan amounting to Rs. 285 million to the Bank which has been utilized by the Bank to repay third party its deposits;
- assets acquired in satisfaction of claims amounting to Rs.66.210 million have been sold after the current period balance sheet date and the proceeds have also been utilized by the Bank to repay its deposits; and
- the management of the Bank has continued to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. Considerable recoveries are continuously being made by the management.

Currently, the Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. Further, licenses of the Bank in respect of undertaking leasing and investment finance services, which expired during last financial year, are pending renewal by the SECP.

However, the management of the Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator.

In addition to the above, the board of directors of the Bank has approved the proposed merger of IGI Investment Bank Limited with IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services.

Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Bank for the nine months period ended March 31, 2014 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, 2013.

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

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New, Amended and Revised Standards and Interpretations of IFRSs

The Bank has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits – (Revised)

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
4. FIXED ASSETS			
Property and equipment	4.1	6,980	18,109
Intangible assets		443	808
		7,423	18,917
4.1 Property and equipment			
Opening written down value		18,109	55,033
Additions:			
Office equipment		-	25
Less: Disposals at written down value			
Furniture and fittings		(5,095)	(2)
Office equipment		(211)	-
Motor vehicles		(1,816)	(7,662)
Lease hold improvements		(1,484)	-
Computer equipment		(95)	(68)
		(8,701)	(7,732)
Transferred to asset acquired in settlement of claims		-	(22,329)
Depreciation for the period / year		2,428	6,888
Closing written down value		6,980	18,109
5. LONG-TERM INVESTMENTS			
Related parties - at cost			
Investment in unquoted subsidiary companies		652,571	895,029
Others - available-for-sale - at cost			
Investment in unquoted companies		102,179	102,179
Investment in quoted company	5.1 & 5.2	47,355	47,355
Investment in unquoted preference shares		20,000	20,000
		822,105	1,064,563
Less: Impairment against investments		(576,175)	(618,880)
Less: Deficit on revaluation of investment in quoted company		(311)	-
Less: Transferred to non-current assets classified as held for sale	5.3	-	(199,753)
		245,619	245,930
5.1	This represents ordinary shares of Agritech Limited which are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) between the ANL and various lenders including the Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

- 5.2** As at March 31, 2014, the Bank's exposure in the shares of Agritech Limited exceeded ten percent of the equity of the Bank which is not in accordance with Regulation 28(e) and 30(1) of the NBFC Regulations, 2008 which requires that a leasing company and an investment finance company, respectively, shall not own shares, equities or scrips of any one company in excess of ten per cent of its own equity or of the issued capital of the investee company, whichever is lower.

Further, the Bank's fund based exposure in Agritech Limited exceeded twenty percent of the equity of the Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person shall not exceed twenty percent of equity of the NBFC.

- 5.3** As fully disclosed in note 19.1 to the audited financial statements of the Bank for the year ended June 30, 2013, the Bank disposed off its entire shareholding in IGI Funds Limited during the current period against sale consideration received in cash.

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
Note	----- (Rupees in '000) -----	

6. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS

Office building	15,031	16,721
Office building and shops	41,456	46,906
Commercial shops	9,723	6,216
6.1	66,210	69,843

- 6.1** These represent properties acquired in settlement of various claims in prior periods. During the current period, the management carried out an exercise to determine the fair values of the above properties by engaging external valuers. Consequently, the above referred properties have been valued at the fair values determined through this exercise. The above resulted in an impairment of Rs.3.633 million in the financial statements of the current period.

7. CURRENT MATURITY OF NON-CURRENT ASSETS:

Current maturity of long-term loans and advances - net	7.1	10,761	32,962
Current maturity of net investment in finance lease		280,236	372,551
		290,997	405,513

- 7.1** As at March 31, 2014, the Bank's fund based exposure in certain loans and advances and investments exceeded twenty percent of the equity of the Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person shall not exceed twenty percent of equity of the NBFC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
8. SHORT-TERM INVESTMENTS	Note		
Held-for-trading			
Pakistan Investment Bonds (PIBs)		-	49,471
Market treasury bills		-	104,043
	8.1	-	153,514
Available-for-sale			
Listed term finance certificates		58,075	74,071
Unlisted term finance certificates		111,545	120,444
		<u>169,620</u>	<u>194,515</u>
		169,620	348,029
Impairment loss on term finance certificates		(162,147)	(180,466)
		<u>7,473</u>	<u>167,563</u>

8.1 As at March 31, 2014, the Bank has not met the requirement of NBFC regulations which requires the Bank to invest 15% of the funds raised through issue of certificates of deposit by the Bank, excluding certificate of deposit held by financial institutions, in Pakistan Investment Bonds and Market Treasury Bills.

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
9. CASH AND BANK BALANCES	Note		
In hand		80	56
In current accounts			
State Bank of Pakistan		114	1,498
Others			
Local currency		167	503
Foreign currency		1,285	1,285
		<u>1,452</u>	<u>1,788</u>
In saving accounts			
Local currency	9.1	2,929	120,413
		<u>4,575</u>	<u>123,755</u>

9.1 These represent deposit accounts with commercial banks carrying mark-up at the rate ranging between 6.5% to 9% (June 30, 2013: 6% to 8%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
10. SHARE CAPITAL AND RESERVES			
Authorized capital			
300,000,000 (June 2013: 300,000,000) ordinary shares of Rs. 10 each		3,000,000	3,000,000
Issued, subscribed and paid-up capital			
190,993,300 (June 2013: 190,993,300) ordinary shares of Rs. 10 each fully paid in cash		1,909,933	1,909,933
21,109,250 (June 2013: 21,109,250) ordinary shares of Rs. 10 each issued as fully paid bonus shares		211,092	211,092
		2,121,025	2,121,025
Reserves			
General		39,733	39,733
Statutory		97,098	97,098
		136,831	136,831
Accumulated loss		(2,224,176)	(2,090,359)
	10.1	33,680	167,497
10.1	As at March 31, 2014, the Bank has not met the minimum equity requirement as specified under the NBFC Regulations (i.e. Rs.1,700 million) for NBFCs undertaking leasing and investment finance activities.		
11. LONG-TERM LOAN			
Unsecured			
Local currency - related party	11.1	285,000	-
11.1	During the current period, the Bank has received a sum of Rs. 285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Bank. In this connection, the Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Bank or the board of directors of the Bank that would result in change of control of the Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposits issued by the Bank have been completely and finally settled.		
12. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of long-term certificates of deposit		2,360	212,961
Current maturity of long-term deposits under lease contracts		233,492	241,728
		235,852	454,689
13. SHORT-TERM CERTIFICATES OF DEPOSIT			
Unsecured			
Local currency			
Individuals		3,083	73,613
Others		261,350	536,403
	13.1 & 13.2	264,433	610,016

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

13.1 These certificates of deposit have contractual maturities ranging from 1 to 12 months (June 30, 2013: 1 to 12 months) from the contract date. Expected rates of return payable on these certificates of deposit are 6.75% to 11.50% (June 30, 2013: 6.50% to 13.6%) per annum.

13.2 Included herein is a sum of Rs.255 million (June 30, 2013: Rs.325 million) representing certificates of deposit held by related parties which carry interest at the rate of 11.50% per annum maturing on June 30, 2014.

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
----- (Rupees in '000) -----		
14. TRADE AND OTHER PAYABLES		
Accrued expenses	8,534	6,351
Payable to customers on account of excess recoveries	3,028	3,028
Unclaimed dividends	305	305
Withholding tax payable	153	246
Advances from lessees	16,257	14,524
Payable to IGI Insurance Limited - a related party	22,177	11,474
Others	11,282	7,106
	61,736	43,034

15. CONTINGENCIES AND COMMITMENTS

15.1 There has been no change in the status of contingencies as disclosed in the financial statements for the year ended June 30, 2013.

	Nine months period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
----- (Rupees in '000) -----				
16. INCOME FROM INVESTMENTS				
Interest / mark-up / profit on investments	8,231	151,178	399	29,350
Loss on disposal of investments	(42)	(5,187)	-	(13,693)
Dividend income	-	14,201	-	-
	8,189	160,192	399	15,657

17. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	19,229	48,444	5,054	12,354
Contribution to the provident fund	763	1,770	234	411
Contribution to employees' old-age benefit institution	46	118	13	22
Depreciation on property and equipment	2,428	5,250	589	1,405
Amortisation on intangible assets	365	674	106	87
Rent, rates and taxes	3,159	14,406	894	5,135
Travelling and entertainment	451	1,106	231	313
Telephone, telex and fax	1,614	2,044	454	696
Printing, postage and stationery	570	465	241	175
Insurance	916	1,759	87	606
Lighting, heating and cooling	382	4,422	179	1,329
Repairs and maintenance	1,759	3,703	549	1,572
Brokerage and commission	38	93	12	30
Legal and professional fees	6,030	13,961	1,362	4,432
Subscriptions	1,189	732	631	275
Advertisement	43	248	43	57
Other expenses	339	2,866	282	1,702
	39,321	102,061	10,961	30,601

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

18. TRANSACTIONS WITH RELATED PARTIES

18.1 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, 2014					Total
	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	
Transactions during the period						
	----- (Rupees in '000) -----					
Certificates of deposit issued	765,000	210,000	-	-	-	975,000
Certificates of deposit matured	510,000	210,000	-	-	-	720,000
Dividend received	-	-	-	-	-	-
Insurance premium paid	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	17,862	-	-	-	-	17,862
Lendings - secured	-	-	-	-	-	-
Repayment of secured lendings	-	-	-	-	-	-
Purchase of marketable securities	-	-	-	-	-	-
Sale of marketable securities	-	-	-	-	-	-
Sale of term finance certificates	-	-	-	-	-	-
Purchase of term finance certificates	-	-	-	-	-	-
Group shared services (see note 18.2)	2,579	410	-	-	-	2,989
Investment in mutual fund units	-	-	-	-	-	-
Redemption of mutual fund units	-	-	-	-	-	-
Sale of government securities	19,220	147,600	-	-	80,100	246,920
Purchase of government securities	-	-	-	-	-	-
Income from loans and advances	-	-	-	15	-	15
Repayment of borrowings - secured and unsecured	-	-	-	-	-	-
Markup on borrowings - secured and unsecured	-	-	-	-	-	-
Brokerage, commission and fees paid	-	-	-	-	-	-
Return on certificates of deposit	20,767	5,221	-	-	-	25,988
Rent expense	2,287	-	-	-	415	2,702
Reimbursement of rent	-	-	-	-	-	-
Charge for the year in respect of employee benefit and contribution plan	-	-	-	-	763	763

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

Description	Nine months period ended March 31, 2013					
	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	Total
Transactions during the period						
----- (Rupees in '000) -----						
Certificates of deposit issued	-	-	25,000	209	954,876	980,085
Certificates of deposit matured	-	-	25,000	209	338,468	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
Lendings - secured	-	5,828,000	-	-	-	5,828,000
Repayment of secured lendings	-	5,828,000	-	-	-	5,828,000
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	-	-	71,987	-	51,000	122,987
Group shared services (see note 18.2)	10,823	1,675	-	-	-	12,498
Investment in mutual fund units	-	-	316,735	-	-	316,735
Redemption of mutual fund units	-	-	419,626	-	-	419,626
Sale of government securities	14,111	-	269,840	-	133,619	417,570
Purchase of government securities	-	-	-	-	-	-
Income from loans and advances	-	-	-	9	-	9
Income from lendings-secured	-	21,801	-	-	-	21,801
Income from lendings-unsecured	-	8,333	-	-	-	8,333
Brokerage, commission and fees paid	-	4,944	-	-	-	4,944
Return on certificates of deposit	-	-	755	2	14,887	15,644
Rent expense	11,624	-	-	-	978	12,602
Reimbursement of rent	-	676	-	-	47	723
Subscription expense	-	432	-	-	-	432
Charge for the year in respect of employee benefit and contribution plan	-	-	-	-	3,211	3,211

18.2 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.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 18, 2014 by the Board of Directors of the Bank.

20. GENERAL

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

SYED BABAR ALI
Chairman

KHALID YACOB
Director



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2014

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
ASSETS	----- (Rupees in '000) -----	
Non-current assets	Note	
Fixed assets	5	41,154
Investment property		13,265
Long-term investments	6	89,536
Long-term loans and advances - net		-
Net investment in finance lease		-
Long-term deposits		9,704
Deferred tax asset - net		309,079
		462,738
Current assets		
Assets acquired in settlement of claims	7	66,210
Current maturity of non-current assets	8	290,997
Short-term loans and advances		1,253
Short-term investments	9	18,961
Trade debts - net		34,768
Deposits, prepayments and other receivables		170,061
Interest, mark-up and profit accrued		3,056
Taxation - net		270,087
Cash and bank balances	10	142,092
		997,485
Assets classified as held for sale		-
		211,224
		997,485
		1,566,989
		1,778,213
TOTAL ASSETS		1,460,223
		2,264,198
EQUITY & LIABILITIES		
Capital and reserves		
Share capital		2,121,025
Reserves		115,190
Accumulated loss		(2,513,863)
Equity attributable to shareholders	11	(277,648)
Advance against issue of preference shares	12	650,000
		372,352
Non-controlling interest		-
TOTAL EQUITY		372,352
		500,047
Deficit on revaluation of investments - net of tax		(318)
		372,034
		501,414
Non-current liabilities		
Long-term loan	13	285,000
Long-term certificates of deposit		-
Long-term deposits under lease contracts		-
		285,000
		197,274
		1,048
		198,322
Current liabilities		
Current maturity of non-current liabilities	14	235,852
Short-term certificates of deposit	15	264,433
Interest and mark-up accrued		8,856
Trade and other payables	16	294,048
		803,189
Liabilities directly associated with the assets classified as 'held-for-sale'		-
		20,346
TOTAL LIABILITIES		1,088,189
		1,762,784
Contingencies and commitments	17	
TOTAL EQUITY AND LIABILITIES		1,460,223
		2,264,198

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.

SYED BABAR ALI
Chairman

KHALID YACOB
Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Note	Nine months period ended		Quarter ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2014
(Rupees in '000)					
Continuing operations					
Income					
Income from investments	18	8,976	158,564	1,667	15,657
Income from loans and advances		1,039	4,013	293	271
Income from lease finance		(4,089)	12,818	1,673	4,337
Income from lendings - secured		-	4,026	-	-
Remuneration from funds under management - net		-	-	-	17,910
Income from fees, commission and brokerage		70,024	55,554	35,421	20,515
		<u>75,950</u>	<u>234,975</u>	<u>39,054</u>	<u>58,690</u>
Finance costs		(56,831)	(206,714)	(13,623)	(49,517)
		<u>19,119</u>	<u>28,261</u>	<u>25,431</u>	<u>9,173</u>
Administrative and general expenses	19	(104,763)	(157,254)	(33,970)	(51,868)
		<u>(85,644)</u>	<u>(128,993)</u>	<u>(8,539)</u>	<u>(42,695)</u>
Other operating income		13,239	32,006	6,390	8,828
		<u>(72,405)</u>	<u>(96,987)</u>	<u>(2,149)</u>	<u>(33,867)</u>
Other operating expenses		(1,598)	(1,574)	(429)	(580)
Operating profit / (loss) before provisions and share of profit in associates		<u>(74,003)</u>	<u>(98,561)</u>	<u>(2,578)</u>	<u>(34,447)</u>
Provision for bad and doubtful loans and advances / lease losses - specific - net		(58,439)	(183,021)	-	2,529
Reversal of impairment / (impairment) against term finance certificates - net		2,225	(57,879)	820	1,404
Impairment against asset acquired under settlement of claims		(3,633)	-	-	-
Impairment against quoted shares		-	(31,565)	-	-
Provision against other receivable		(4,702)	14,860	-	907
Gain on settlement of term finance certificates		3,200	46,906	-	-
		<u>(61,349)</u>	<u>(210,699)</u>	<u>820</u>	<u>4,840</u>
Share of profit / (loss) in associates		<u>(135,352)</u>	<u>(309,260)</u>	<u>(1,758)</u>	<u>(29,607)</u>
Loss before taxation from continuing operations		<u>(135,352)</u>	<u>(309,260)</u>	<u>(1,758)</u>	<u>(32,222)</u>
Taxation -net		(1,218)	(22,557)	(337)	(1,706)
Loss from continuing operations		<u>(136,570)</u>	<u>(331,817)</u>	<u>(2,095)</u>	<u>(33,928)</u>
Discontinued operations					
Profit after tax from discontinued operations	20.2.1	8,875	15,446	-	(12,243)
Loss for the period		(127,695)	(316,371)	(2,095)	(46,171)
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive loss - net of tax		(127,695)	(316,371)	(2,095)	(46,171)
(Loss) / gain attributable to non-controlling interest		-	-	-	-
Loss attributable to shareholders		<u>(127,695)</u>	<u>(316,371)</u>	<u>(2,095)</u>	<u>(46,171)</u>
(Rupee)					
Loss per share		<u>(0.64)</u>	<u>(1.49)</u>	<u>(0.01)</u>	<u>(0.22)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.

SYED BABAR ALI
Chairman

KHALID YACOB
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Nine months period ended	
	March 31, 2014	March 31, 2013
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(135,352)	(288,836)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	(9,356)	(6,173)
Depreciation on property and equipment and investment property	4,929	8,259
Amortization on intangible assets	365	808
Impairment against assets acquired in settlement of claims	3,633	-
Interest, mark-up and profit income	(8,652)	(192,220)
Dividend income	-	(14,201)
Finance cost	59,821	207,403
Impairment against listed security	-	31,565
Gain on settlement of term finance certificate	(3,200)	(46,906)
Impairment against Term Finance Certificates - net	(2,225)	57,879
Provision for bad and doubtful loans and advances / lease losses - specific - net	58,439	183,021
	<u>103,754</u>	<u>229,434</u>
	(31,598)	(59,402)
(Increase) / decrease in current assets:		
Short-term loans and advances	(226)	2,263
Lendings - secured	-	38,138
Short-term investments	148,595	1,210,821
Trade debts - net	264,528	590
Deposits, prepayments and other receivables	35,867	(31,237)
	<u>448,764</u>	<u>1,220,575</u>
Increase / (decrease) in current liabilities:		
Short-term certificates of deposit	(345,583)	(724,056)
Borrowings from financial institutions	-	143,972
Trade and other payables	(218,789)	38,657
	<u>(564,372)</u>	<u>(541,427)</u>
	(147,206)	619,747
Repayment of long-term loans and advances - net	14,797	(21,508)
Net recovery from finance lease	53,734	126,043
Asset acquired in settlement of claims	-	(46,906)
Long-term deposits	-	(184)
(Repayments) / disbursements of long term certificates of deposit	(407,875)	(763,938)
Payments of deposits under lease contracts	(9,284)	(29,904)
Interest, mark-up and profit received	10,936	204,045
Dividend received	-	14,201
Finance cost paid	(86,293)	(260,543)
Income tax paid	(4,969)	(12,274)
Net cash (used in) / generated from operating activities	<u>(428,954)</u>	<u>(790,968)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,117)	(1,549)
Proceeds from disposal of subsidiary	199,753	-
(Purchase) / proceeds of long-term investments - net	-	203,100
Proceeds from disposal of fixed assets	18,144	14,124
Net cash (used in) / generated from investing activities	<u>215,780</u>	<u>215,675</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan	285,000	(50,000)
Net cash used in financing activities	<u>285,000</u>	<u>(50,000)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(75,380)</u>	<u>(5,546)</u>
Cash and cash equivalents at the beginning of the period	217,472	182,851
Cash and cash equivalents at the end of the period	<u>142,092</u>	<u>177,305</u>
Cash and cash equivalents at the end of the period	<u>142,092</u>	<u>177,305</u>
Cash and bank balances	<u>142,092</u>	<u>177,305</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.

SYED BABAR ALI
Chairman

KHALID YACOB
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Reserves								Total
	Capital			Revenue		Total reserves	Advance against issue of preference shares	Non-controlling interest	
	Issued, subscribed and paid-up capital	Reserve arising on acquisition of non-controlling interest	Statutory reserve	General reserve	Accumulated profit/(losses)				
----- (Rupees in '000) -----									
Balance as at June 30, 2012	2,121,025	(21,686)	97,098	39,733	(1,728,036)	(1,612,891)	650,000	45	1,158,179
Loss after taxation for the nine months ended March 31, 2013	-	-	-	-	(316,371)	(316,371)	-	-	(316,371)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	(316,371)	(316,371)	-	-	(316,371)
Balance as at March 31, 2013	2,121,025	(21,686)	97,098	39,733	(2,044,407)	(1,929,262)	650,000	45	841,808
Balance as at June 30, 2013	2,121,025	(21,641)	97,098	39,733	(2,386,168)	(2,270,978)	650,000	-	500,047
Loss after taxation for the nine months ended March 31, 2014	-	-	-	-	(127,695)	(127,695)	-	-	(127,695)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive loss	-	-	-	-	(127,695)	(127,695)	-	-	(127,695)
Balance as at March 31, 2014	2,121,025	(21,641)	97,098	39,733	(2,513,863)	(2,398,673)	650,000	-	372,352

The annexed notes from 1 to 24 form an integral part of these condensed interim consolidated financial statements.

SYED BABAR ALI
Chairman

KHALID YACOB
Director

**STATEMENT PURSUANT TO SECTION 241(2)
OF THE COMPANIES ORDINANCE, 1984**

1. This statement is hereby subjoined to the balance sheet and profit and loss account for the period ended March 31, 2014 (the “Condensed Interim Consolidated Financial Statements”) of IGI Investment Bank Limited (the “IGI Bank”) in due compliance with the provisions of Section 241(2), and for the reasons set forth below:
 - a. as per Section 245 of the Companies Ordinance, 1984, the Condensed Interim Consolidated Financial Statements of IGI Bank are required to be prepared and transmitted to the members of IGI Bank and the Exchanges, and filed with the Securities and Exchange Commission of Pakistan within one month of the close of the financial quarter, i.e. April 30, 2014 in respect of the third quarterly accounts;
 - b. accordingly, the Condensed Interim Consolidated Financial Statements were due to be approved by the Board of Directors of IGI Bank in their meeting on April 18, 2014;
 - c. prior to the aforesaid meeting of the Board of Directors of IGI Bank, the Chief Executive Officer of IGI Bank, Mr. Tariq Hasan Quraishi, resigned from the said office;
 - d. accordingly, to ensure due compliance with the provisions of the Companies Ordinance, 1984, in the absence of the Chief Executive Officer, the Condensed Interim Consolidated Financial Statements have been signed by two directors of IGI Bank, namely Mr. Syed Babar Ali and Mr. Khalid Yacob, and this statement has been subjoined thereto.
2. It may be further noted that in further compliance with the requirements of Section 241(2), this statement has been signed by Mr. Syed Babar Ali and Mr. Khalid Yacob.

SYED BABAR ALI
Chairman

KHALID YACOB
Director

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014**

1. THE GROUP AND ITS OPERATIONS

The Group consists of :

Holding company

IGI Investment Bank Limited ("IGI BANK")

Subsidiary company

Percentage holding

IGI Finex Securities Limited

100%

1.1 IGI Investment Bank Limited ("IGI Bank")

1.1.1 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. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

1.1.2 The Pakistan Credit Rating Agency (PACRA) has assigned IGI Bank a rating of 'BBB-' (long-term credit rating) and 'A3' (short-term credit rating) on February 28, 2014.

1.1.3 The annual audited financial statements for the year ended June 30, 2013 and condensed interim financial statements for the half year ended December 31, 2013 ("previous period financial statements") disclosed in detail:

- the financial difficulties being faced by IGI Bank which indicate the existence of a material uncertainty about IGI Bank's ability to continue as a going concern; and
- the mitigating factors based on which the management believes that IGI Bank will be able to continue as a going concern.

In line with the mitigating factors as disclosed in the previous period financial statements, following measures have been taken by IGI Bank:

- IGI Bank has not raised any fresh deposits or rolled over existing deposits of any third party and the management is in the process of repaying all its deposits, in compliance with the directives earlier issued by the SECP. As at March 31, 2014, deposits payable to third parties amounted to Rs.11.8 million;
- as detailed in note 13.1 to these condensed interim consolidated financial statements, the Chairman and sponsor of IGI Bank has disbursed a long term interest free loan amounting to Rs. 285 million to IGI Bank which has been utilized by IGI Bank to repay third party its deposits;
- assets acquired in satisfaction of claims amounting to Rs. 66.210 million have been sold after the current period balance sheet date and the proceeds have also been utilized by IGI Bank to repay its deposits; and
- the management of IGI Bank has continued to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. Considerable recoveries are continuously being made by the management.

Currently, IGI Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. Further, licenses of IGI Bank in respect of undertaking leasing and investment finance services, which expired during last financial year, are pending renewal by the SECP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
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However, the management of IGI Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator.

In addition to the above, the board of directors of IGI Bank has approved the proposed merger of IGI Bank with IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary.

It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services.

Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

1.2 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 IGI Finex is situated at Suite No. 701-713, 7th Floor, The Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. IGI Finex is a Trading Rights Entitlement Certificate (TREC) holder of the Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited and a corporate member of Pakistan Mercantile Exchange Limited. IGI Finex is a wholly owned subsidiary of IGI Bank.

The principal activities of IGI Finex include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The board of directors of IGI Finex has approved the proposed merger of IGI Finex with IGI Bank, its parent company.

It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services.

Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

2. BASIS OF PRESENTATION

The condensed interim consolidated financial statements include the condensed interim financial statements of IGI Investment Bank Limited and its subsidiary company.

Subsidiary is the entity 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. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is de-consolidated from the date when control ceases. The assets and liabilities of subsidiary company have been consolidated on a line by line basis based on the un-audited condensed interim consolidated financial statements for the half year ended March 31, 2014 and the carrying value of investments held by IGI Bank is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements. Intra-Group balances and transactions have been eliminated.

Non-controlling interests are that part of the net results of operations and net assets of subsidiary company attributable to interests which are not owned by the Group.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
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3. STATEMENT OF COMPLIANCE

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 (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 condensed interim financial statements are the consolidated financial statements of IGI Bank and its subsidiary company. In addition to these condensed interim financial statements, separate standalone condensed interim financial statements of IGI Bank have also been prepared.

4. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those of the previous financial year except as follows:

New, Amended and Revised Standards and Interpretations of IFRSs

IGI Bank has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits – (Revised)

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
5. FIXED ASSETS			
Property and equipment	5.1	21,391	32,628
Intangible assets	5.2	19,763	20,190
		<u>41,154</u>	<u>52,818</u>
5.1 PROPERTY AND EQUIPMENT			
Opening written down value		32,628	76,711
Additions		2,117	563
Less: Disposals written down value		(8,787)	(8,584)
Transferred to asset acquired in settlement of claim		-	(22,329)
Transferred to assets classified as held for sale		-	(2,815)
Depreciation for the period / year		(4,567)	(10,918)
Closing written down value		<u>21,391</u>	<u>32,628</u>
5.2 INTANGIBLE ASSETS			
Opening written down value		20,190	77,126
Additions		-	200
Transferred to assets classified as held for sale		-	(56,157)
Depreciation for the period / year		(427)	(979)
Closing written down value		<u>19,763</u>	<u>20,190</u>
6. LONG-TERM INVESTMENTS			
Available for sale - at cost:			
Investment in unquoted companies		150,179	150,179
Investment in quoted company	6.1 & 6.2	47,355	47,355
Investment in unquoted preference shares		20,000	20,000
		217,534	217,534
Less: Impairment against investments		(127,687)	(127,687)
Less: Deficit against investment in quoted shares		(311)	-
		<u>89,536</u>	<u>89,847</u>
6.1	This represents ordinary shares of Agritech Limited which are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) between the ANL and various lenders including IGI Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.		
6.2	As at March 31, 2014, IGI Bank's exposure in the shares of Agritech Limited exceeded ten percent of the equity of IGI Bank which is not in accordance with Regulation 28(e) and 30(1) of the NBFC Regulations, 2008 which requires that a leasing company and an investment finance company, respectively, shall not own shares, equities or scrips of any one company in excess of ten per cent of its own equity or of the issued capital of the investee company, whichever is lower.		
	Further, IGI Bank's fund based exposure in Agritech Limited exceeded twenty percent of the equity of IGI Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person shall not exceed twenty percent of equity of the NBFC.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
7. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS			
Office Building		15,031	16,721
Office Building and shops		41,456	46,906
Commercial shops		9,723	6,216
	7.1	66,210	69,843
7.1	These represent properties acquired in settlement of various claims in prior periods. During the current period, the management carried out an exercise to determine the fair values of the above properties by engaging external valuers. Consequently, the above referred properties have been valued at the fair values determined through this exercise. The above resulted in an impairment of Rs.3.633 million in the financial statements of the current period.		
8. CURRENT MATURITY OF NON-CURRENT ASSETS:			
Current maturity of long-term loans and advances - net	8.1	10,761	32,962
Current maturity of net investment in finance lease		280,236	372,551
		290,997	405,513
8.1	As at March 31, 2014, IGI Bank's fund based exposure in certain loans and advances and investments exceeded twenty percent of the equity of IGI Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person shall not exceed twenty percent of equity of the NBFC.		
9. SHORT-TERM INVESTMENTS			
Held-for-trading			
Government securities		11,488	49,471
Listed term finance certificates		-	104,043
	9.1	11,488	153,514
Available-for-sale			
Listed term finance certificates		58,075	74,071
Unlisted term finance certificates		111,545	120,444
		169,620	194,515
Impairment loss on Term Finance Certificates		181,108	348,029
		(162,147)	(180,466)
		18,961	167,563
9.1	As at March 31, 2014, IGI Bank has not met the requirement of NBFC regulations which requires IGI Bank to invest 15% of the funds raised through issue of certificates of deposit by IGI Bank, excluding certificate of deposit held by financial institutions, in Pakistan Investment Bonds and Market Treasury Bills.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

		(Un-audited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
10. CASH AND BANK BALANCES			
In hand		107	135
In current accounts			
State Bank of Pakistan		114	1,498
Others			
Local currency		24,829	14,564
Foreign currency		1,285	1,285
		26,114	15,849
In saving accounts			
Local currency		115,757	129,990
		142,092	147,472
11. CAPITAL AND RESERVES			
Authorized capital			
300,000,000 (June 2013: 300,000,000) ordinary shares of Rs. 10 each		3,000,000	3,000,000
Issued, subscribed and paid-up capital			
190,993,300 (June 2013: 190,993,300) ordinary shares of Rs. 10 each fully paid in cash		1,909,933	1,909,933
21,109,250 (June 2013: 21,109,250) ordinary shares of Rs. 10 each issued as fully paid bonus shares		211,092	211,092
		2,121,025	2,121,025
Reserves			
General		39,733	39,733
Statutory		97,098	97,098
Reserves arising on acquisition of non-controlling interest		(21,641)	(21,641)
		115,190	115,190
Accumulated loss		(2,513,863)	(2,386,168)
Advance against issue of preference shares	12	650,000	650,000
	11.1	372,352	500,047
11.1	As at March 31, 2014, IGI Bank has not met the minimum equity requirement as specified under the NBFC Regulations (i.e. Rs.1,700 million) for NBFCs undertaking leasing and investment finance activities.		
12. ADVANCE AGAINST ISSUE OF PREFERENCE SHARES			
Advance against issue of preference shares	12.1	650,000	650,000
12.1	During the financial year ended June 30,2012, IGI Finex received Rs. 650 million in the form of interest free Subordinated Loan from Mr. Syed Babar Ali, Chairman - IGI Bank and a key sponsor of IGI Finex. On June 29, 2012, IGI Finex and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the Subordinated Loan into Preference Shares to be issued by IGI Finex to Mr. Syed Babar Ali accordingly.		
	The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs. 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, IGI Finex is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

Subsequent to the period ended March 31, 2014, IGI Finex, on April 18, 2014, has signed an Addendum to the aforesaid Subscription Agreement with Mr. Syed Babar Ali to amend the terms for payment of dividend to the preference shareholder, as may be declared by IGI Finex out of its distributable profits and the entitlement of preference shareholder in case of liquidation of IGI Finex.

Consequent to the above, the preference shareholder shall be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of IGI Finex, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares.

Since IGI Finex is yet to complete formalities for issuance of the said preference shares, the amount has been reported as advance against issue of preference shares.

			(Un-audited) March 31, 2014	(Audited) June 30, 2013
13. LONG-TERM LOAN	Note		----- (Rupees in '000) -----	
Unsecured				
Local currency - related party	13.1		<u>285,000</u>	<u>-</u>
13.1	During the current period, IGI Bank has received a sum of Rs. 285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of IGI Bank. In this connection, IGI Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of IGI Bank or the board of directors of IGI Bank that would result in change of control of IGI Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, IGI Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposits issued by IGI Bank have been completely and finally settled.			
14. CURRENT MATURITY OF NON-CURRENT LIABILITIES				
Current maturity of long-term certificates of deposit			2,360	212,961
Current maturity of long-term deposits under lease contracts			<u>233,492</u>	<u>241,728</u>
			<u>235,852</u>	<u>454,689</u>
15. SHORT-TERM CERTIFICATES OF DEPOSIT				
Unsecured				
Local currency				
Individuals			3,083	73,613
Others			<u>261,350</u>	<u>466,403</u>
	15.1 & 15.2		<u>264,433</u>	<u>540,016</u>
15.1	These certificates of deposit have contractual maturities ranging from 1 to 12 months (June 30, 2013: 1 to 12 months) from the contract date. Expected rates of return payable on these certificates of deposit are 6.75% to 11.50% (June 30, 2013: 6.50% to 13.6%) per annum.			
15.2	Included herein is a sum of Rs. 255 million (June 30, 2013: Rs. 255 million) representing certificates of deposit held by related party which carry interest at the rate of 11.50% per annum maturing on June 30, 2014.			

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	(Un-audited) March 31, 2014	(Audited) June 30, 2013
	----- (Rupees in '000) -----	
16. TRADE AND OTHER PAYABLES		
Clearing balance with National Clearing Company of Pakistan Limited	17,516	-
Payable against sale of marketable securities	190,146	453,970
Accrued expenses	14,470	8,597
Payable to customers on account of excess recoveries	3,028	3,028
Commission payable	363	400
Unclaimed dividends	305	305
Withholding tax payable	153	246
Advances from lessees	16,257	14,524
Payable to IGI Insurance Limited - a related party	22,177	11,474
Provision for leave encashment	1,539	1,558
Others	28,094	20,735
	294,048	514,837

17. CONTINGENCIES AND COMMITMENTS

17.1 There are no changes in contingencies and commitments as disclosed in the consolidated financial statements for the year ended June 30, 2013.

	Nine months period ended		Quarter ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
18. INCOME FROM INVESTMENTS	----- (Rupees in '000) -----			
Interest / mark-up / profit on investments	8,277	142,765	926	29,350
Gain on disposal of investments	(42)	1,598	-	(13,693)
Dividend income	741	14,201	741	-
	8,976	158,564	1,667	15,657

19. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	47,576	70,824	15,396	19,565
Contribution to the provident fund	763	1,770	234	411
Contribution to employees'old-age benefit institution	162	236	54	60
Depreciation on property and equipment	4,567	7,301	1,352	2,082
Amortisation on intangible assets	427	785	126	111
Rent, rates and taxes	8,418	19,664	2,661	6,989
Travelling and entertainment	627	2,490	674	741
Telephone, telex and fax	4,252	3,738	1,412	1,176
Printing, postage and stationery	1,327	1,279	459	501
Insurance	1,564	2,708	303	922
Lighting, heating and cooling	382	4,422	179	1,659
Repairs and maintenance	2,272	4,027	687	1,668
Brokerage and commission	4,553	2,972	2,030	1,362
Legal and professional fees	9,174	18,101	2,531	7,288
Subscriptions	8,254	6,949	2,895	2,698
Advertisement	67	269	67	77
Other expenses	10,378	9,719	2,910	4,558
	104,763	157,254	33,970	51,868

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

20. DISCONTINUED OPERATIONS

20.1 Disposal of wholly owned Subsidiary - IGI Funds Limited

Following the execution of Amended and Restated Share Purchase Agreement (SPA) between IGI Bank and Alfalah GHP Investment Management Limited dated May 22, 2013, the shareholders of IGI Bank in their extra ordinary general meeting held on May 27, 2013 resolved, subject to all regulatory approvals, the sale and transfer (through simultaneous acquisition and merger) to Alfalah GHP Investment Management Limited, the entire shareholding of IGI Bank in IGI Funds Limited (IGIFL) for a sale price of Rs. 175 million, subject to such adjustments as made in accordance with the terms of the SPA. On October 04, 2013, the SECP issued the sanction order vide its letter no. SCD/NBFC-IIIGIFL & AFGHP/ 742/2013 for sanction of the scheme in terms of section 282L of the Companies Ordinance, 1984, which becomes effective from October 15, 2013.

20.2 Gain on disposal of a subsidiary	Note	(Rupees in '000)
Cash Consideration received		199,753
Net assets	20.3	191,594
Gain on disposal of subsidiary		<u>8,159</u>

20.2.1 The gain on disposal is included in the profit for the period from discontinued operations.

20.3 The major classes of assets and liabilities of IGI Funds Limited disposed off are as follows:

	October 14, 2013 (Rupees in '000)
Assets	
Fixed assets	2,870
Long-term deposits	320
Deferred tax asset - net	41,525
Short-term loans and advances	33
Investment in associates	125,060
Short-term investments	2,234
Deposits, prepayments and other receivables	13,854
Interest, mark-up and profit accrued	96
Taxation - net	22,153
Cash and bank balances	<u>3,227</u>
Assets classified as held for sale	<u>211,372</u>
Liabilities	
Trade and other payables	<u>19,778</u>
Liabilities directly associated with assets classified as held for sale	<u>19,778</u>
Net assets directly associated with disposal group	<u><u>191,594</u></u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

21. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees fund. The Group has a policy whereby all transactions with related parties are entered into at contractual rates. The following table provides the transactions with related parties, other than remuneration under the terms of employment to key management personnel. For information regarding outstanding balances as at March 31, 2014 and March 31, 2013, refer to respective notes.

Nine months period ended March 31, 2014					
Description	Entity having significant influence over the Bank	Associates	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----					
Transactions during the period					
Certificates of deposit issued	765,000	-	-	-	765,000
Certificates of deposit matured	510,000	-	-	-	510,000
Dividend received	-	-	-	-	-
Insurance premium paid	2,291	-	-	-	2,291
Purchase of fixed assets	-	-	-	2,044	2,044
Sale of fixed assets	17,862	-	-	-	17,862
Purchase of marketable securities	5,019	-	1,707	202,854	209,580
Sale of marketable securities	61,555	-	3,598	275,889	341,042
Income from loans and advances	-	-	15	-	15
Brokerage, commission and fee earned	263	-	18	1,500	1,781
Sale of term finance certificates	-	-	-	-	-
Purchase of term finance certificates	-	-	-	-	-
Group shared services (see note 21.1)	2,579	-	-	-	2,579
Investment in mutual fund units	-	-	-	-	-
Redemption of mutual fund units	-	-	-	-	-
Return on certificates of deposit	20,767	-	-	-	20,767
Sale of government securities	19,220	-	-	80,100	99,320
Repayment of borrowings - secured	-	-	-	-	-
Borrowings - unsecured	-	-	-	-	-
Repayment of borrowings - unsecured	-	-	-	-	-
Rent expense	2,287	-	-	415	2,702
Reimbursement of rent	-	-	-	-	-
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund and IGI Capital Protected Fund	-	-	-	-	-
Sales load - IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund & IGI Money Market Fund, IGI Aggressive Income Fund	-	-	-	-	-
Legal and professional charges paid on behalf of IGI Aggressive Income Fund	-	-	-	-	-
Formation cost paid on behalf of IGI Sovereign Fund	-	-	-	-	-
Charge for the year in respect of employees benefit and contribution plan	-	-	-	763	763

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

Nine months period ended March 31, 2013

Description	Entity having significant influence over the Bank	Associates	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----					
Transactions during the period					
Certificates of deposit issued	-	50,000	-	1,189,524	1,239,524
Certificates of deposit matured	-	-	-	1,189,524	1,189,524
Insurance premium paid	3,076	-	-	-	3,076
Purchase of fixed assets	-	-	-	-	-
Sale of fixed assets	3,699	-	5,268	-	8,967
Purchase of marketable securities	12,034	268,501	-	345,701	626,236
Sale of marketable securities	61,555	268,501	2,043	368,571	700,670
Income from loans and advances	-	-	86	-	86
Brokerage, commission and fee earned	277	282	44	1,967	2,570
Sale of term finance certificates	-	174,517	9,109	-	183,626
Purchase of term finance certificates	-	-	-	-	-
Group shared services (see note 21.1)	10,593	-	-	-	10,593
Investment in mutual fund units	-	519,434	-	-	519,434
Redemption of mutual fund units	-	753,891	-	-	753,891
Return on certificates of deposit	-	-	-	49,441	49,441
Sale of government securities	61,500	-	500	182,900	244,900
Purchase of government securities	-	-	-	-	-
Borrowings - secured & unsecured	-	45,000	-	-	45,000
Repayment of borrowings - secured & unsecured	-	-	-	-	-
Markup on borrowings-secured & unsecured	-	1,125	-	-	1,125
Rent expense	10,058	-	-	1,051	11,109
Reimbursement of rent	-	-	-	-	-
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund	-	-	-	-	-
IGI Capital Protected Fund & IGI Aggressive Income Fund	-	56,816	-	-	56,816
Initial and annual Listing fee paid on behalf of IGI Capital Protected Fund	-	-	-	-	-
Sales load- IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund & IGI Capital Protected Fund	-	4,185	-	-	4,185
Advertisement charges paid on behalf of IGI Capital Protected Fund	-	-	-	-	-
Legal and professional charges paid on behalf of IGI Capital Protected Fund	-	1,628	-	-	1,628
Formation cost receivable from IGI Sovereign Fund	-	2,964	-	-	2,964
Charge for the year in respect of employees benefit and contribution plan	-	-	-	2,582	2,582

21.1 Group shared services

IGI 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 CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

22. SEGMENTAL ANALYSIS

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

Financing activities

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

Investment activities

Investment activities include money market activities, investment in government securities, 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.

	Nine months period ended March 31, 2014			
	Financing activities	Investing activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	8,976	-	8,976
Income from loans and advances	1,039	-	-	1,039
Income from lease finance	(4,089)	-	-	(4,089)
Income from lendings - secured	-	-	-	-
Income from fees, commission and brokerage	-	5,865	64,159	70,024
Total income for reportable segments	(3,050)	14,841	64,159	75,950
Finance costs	(13,508)	(43,018)	(305)	(56,831)
Administrative and general expenses (excluding depreciation and amortization)	(9,009)	(26,074)	(63,279)	(98,362)
Depreciation and amortization	(3,515)	(723)	(2,501)	(6,739)
Provision for bad and doubtful debts (general and specific) - net	(58,439)	-	-	(58,439)
Provision against other assets	-	-	(4,702)	(4,702)
Impairment against asset acquired under settlement of claims	-	(3,633)	-	(3,633)
Gain on sale of term finance certificate	-	5,425	-	5,425
Segment result	(87,521)	(53,182)	(6,628)	(147,331)
Other operating income				13,239
Unallocated administrative expenses				338
Unallocated other operating expenses				(1,598)
Loss before taxation				(135,352)
Segment assets	291,189	108,626	96,264	496,079
Unallocated assets				964,144
				1,460,223
Segment liabilities	489,108	2,360	219,865	711,333
Unallocated liabilities				376,856
				1,088,189
Capital expenditure - tangible	-	-	2,117	2,117
Capital expenditure - intangible	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

Nine months period ended March 31, 2013				
	Financing activities	Investing activities	Brokerage activities	Total
----- (Rupees in '000) -----				
Income from investments	-	160,192	-	160,192
Income from loans and advances	4,013	-	-	4,013
Income from lease finance	12,818	-	-	12,818
Income from lendings - secured	4,026	-	-	4,026
Income from fees, commission and brokerage	-	12,885	1,041	53,926
Total income for reportable segments	20,857	173,077	41,855	234,975
Finance costs	(21,488)	(184,859)	(367)	(206,714)
Administrative and general expenses (excluding depreciation and amortization)	(10,296)	(85,841)	(53,031)	(149,168)
Depreciation and amortization	(5,290)	(634)	(2,162)	(8,086)
Provision for bad and doubtful debts (general and specific) - net	(183,021)	-	14,860	(168,161)
Provision against other assets	-	-	-	-
Impairment charge against investments	(31,565)	(10,973)	-	(42,538)
Segment result	<u>(230,803)</u>	<u>(109,230)</u>	<u>341</u>	<u>(339,692)</u>
Other operating income				32,006
Unallocated administrative expenses				2,030
Unallocated other operating expenses				(3,604)
Loss before Taxation				<u>(309,260)</u>
Segment assets	<u>465,063</u>	<u>671,302</u>	<u>119,868</u>	1,256,233
Unallocated assets				1,007,965
				<u>2,264,198</u>
Segment liabilities	<u>1,038,661</u>	<u>368,851</u>	<u>198,386</u>	1,605,898
Unallocated liabilities				156,886
				<u>1,762,784</u>
Capital expenditure - tangible	<u>122</u>	<u>960</u>	<u>467</u>	1,549
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>-</u>	-

23. DATE OF AUTHORIZATION OF ISSUE

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on April 18, 2014.

24. GENERAL

Figures have been rounded off to the nearest thousand rupees.

SYED BABAR ALI
Chairman

KHALID YACOB
Director