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COMPANY INFORMATION

Borad of Directors

Mr. Syed Babar Ali, Chairman
Mr. Syed Raza Hussain Rizvi, CEO
Mr. Towfiq H. Chinoy
Mr. Farid Khan
Mr. Arif Faruque
Mr. Khalid Yacob
Mr. Khurram Raza Bakhtayari

Audit Committee

Mr. Farid Khan, Chairman
Mr. Khalid Yacob
Mr. Khurram Raza Bakhtayari

H.R&R Committee

Mr. Towfiq Chinoy, Chairman
Mr. Farid Khan
Mr. Khalid Yacob
Mr. Syed Raza Hussain Rizvi

Auditors

M/s. A. F. Ferguson & 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 Associatess

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
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Building # 3, Dr. Ziauddin Ahmed
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Islamabad Branch

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UAN

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Fax: 111-567-567

Website

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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 consolidated and standalone financial statements for the period ended March 31, 2015.

During the third quarter of financial year 2014-2015, the NBFC sector has continued to face impediments in its business activities due to the factors such as overall reluctance of the financial institutions / banks to provide long term borrowing lines and continuous increase in costs of doing business for the industry.

Financial Summary

Consolidated Results

	Rupees in thousands	
	March 31, 2015	March 31, 2014
Gross Revenue	117,470	90,358
Profit / (loss) for the half year before taxation from continuing operations	42,664	(135,352)
Taxation – net	(1,542)	(1,218)
Profit / (loss) for the half year after taxation	41,122	(127,695)
Earnings / (loss) per share (In Rupee)	0.19	(0.64)
	March 31, 2015	June 30, 2014
Total Assets	1,173,407	1,393,475

Standalone Results

	Rupees in thousands	
	March 31, 2015	March 31, 2014
Gross Revenue	47,468	22,374
Profit / (loss) for the nine months period before taxation	39,792	(133,506)
Taxation – net	(161)	(311)
Profit / (loss) for the half year after taxation	39,631	(133,817)
Earnings / (loss) per Share (In Rupee)	0.19	(0.63)
	March 31, 2015	June 30, 2014
Total Assets	677,641	789,186

The annual audited financial statements for the year ended June 30, 2014 and Directors' report thereon disclosed:

- The financial difficulties faced by the Investment Bank which indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern;
- The mitigating factors based on which the management believes that the Investment Bank will be able to continue as a going concern; and
- Measures that have been taken by the management of the Investment Bank for continuity and sustainability in line with the aforesaid mitigating factors.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at nine months ended March 31, 2015, the Investment Bank has accumulated losses amounted to Rs.2,186.446 million (June 30, 2014: Rs.2,226.077 million). Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. As per the said Regulations, the minimum equity required is Rs.1,700 million as at March 31, 2015, however, the equity of the Investment Bank at the period-end amounted to Rs. 71.410 million (June 30, 2014: Rs.31.779 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending renewal by the SECP. Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

Despite the above indicators, the management believes that the Investment Bank will be able to continue as a going concern in view of the following mitigating factors:

- The management of the Investment 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;
- The Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;
- The management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at March 31, 2015, the outstanding loans and leases aggregate to Rs. 604.384 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing year; and
- The sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

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

The Board of Directors acknowledges and deeply appreciates the contribution of all the employees towards the achievement of the Investment Bank's goals.

For & on behalf of the Board

Chief Executive Officer

Director

Date: April 27, 2015.

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED, MARCH 31, 2015

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015

	(Un-audited) March 31, 2015	(Audited) June 30, 2014
ASSETS	Note	----- (Rupees in '000) -----
Non-current assets		
Fixed assets	5	41,090
Investment property		-
Long-term investments	6	60,865
Long-term deposits		9,014
Deferred tax assets - net		303,994
		414,963
Current assets		
Current maturity of non-current assets	7	249,468
Short-term loans and advances		1,426
Short-term investments	8	10,941
Trade debts - net		60,948
Deposits, prepayments and other receivables		150,981
Interest, mark-up and profit accrued		4,466
Taxation - net		193,987
Cash and bank balances	9	86,227
		758,444
TOTAL ASSETS		<u>1,173,407</u>
EQUITY & LIABILITIES		
Capital and reserves		
Share capital		2,121,025
Reserves		115,190
Accumulated loss		(2,464,168)
Equity attributable to shareholders		(227,953)
Advance against issue of preference shares		650,000
		422,047
Non-controlling interest		-
TOTAL EQUITY		<u>380,925</u>
Non-current liabilities		
Long-term loan	10	260,000
Current liabilities		
Current maturity of non-current liabilities	11	230,018
Short-term certificates of deposit		-
Interest and mark-up accrued		260
Trade and other payables	12	261,082
		491,360
TOTAL LIABILITIES		<u>751,360</u>
Contingencies and commitments	13	
TOTAL EQUITY AND LIABILITIES		<u>1,173,407</u>

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

Chief Executive Officer

Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	Nine months period ended		Quarter ended	
		March 31 2015	March 31 2014	March 31 2015	March 31 2014
----- (Rupees in '000) -----					
Continuing operations					
Income					
Income from investments	14	43,191	12,176	11,694	1,667
Income from loans and advances		2,856	1,039	2,512	293
Income from lease finance		1,430	7,119	263	1,673
Income from fees, commission and brokerage		69,993	70,024	25,746	35,421
		117,470	90,358	40,215	39,054
Finance costs		(7,162)	(56,831)	(148)	(13,623)
		110,308	33,527	40,068	25,431
Administrative and general expenses	15	(117,589)	(104,763)	(37,149)	(33,970)
		(7,281)	(71,236)	2,918	(8,539)
Other operating income		24,163	13,239	5,339	6,390
		16,882	(57,997)	8,257	(2,149)
Other operating expenses		(1,505)	(1,598)	(680)	(429)
		(1,505)	(1,598)	(680)	(429)
Operating profit / (loss) before provisions		15,377	(59,595)	7,577	(2,578)
Reversal / (Provision) for bad and doubtful loans and advances / lease losses - specific - net		43,905	(58,439)	31,617	-
(Impairment) / reversal of impairment against term finance certificate - net		(1,640)	2,225	-	820
Impairment against assets acquired under settlement of claims		-	(3,633)	-	-
Impairment against quoted shares		(3,775)	-	(338)	-
Loss on termination of lease contracts		(5,416)	(11,208)	(5,416)	-
Reversal on provision against trade debts		116	-	116	-
Provision against other receivables		(5,903)	(4,702)	-	-
		27,287	(75,757)	25,979	820
Profit / (loss) before taxation from continuing operations		42,664	(135,352)	33,556	(1,758)
Taxation -net		(1,542)	(1,218)	(565)	(337)
Profit / (loss) from continuing operations		41,122	(136,570)	32,991	(2,095)
Discontinued operations					
Gain on disposal of discontinued operations		-	8,875	-	-
Profit / (loss) for the period		41,122	(127,695)	32,991	(2,095)
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive profit - net of tax		41,122	(127,695)	32,991	(2,095)
Gain / (loss) attributable to non-controlling interest		-	-	-	-
Profit / (loss) attributable to shareholders		41,122	(127,695)	32,991	(2,095)
----- (Rupee) -----					
Earnings / (loss) per share		0.19	(0.64)	0.16	(0.01)

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

Chief Executive Officer

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine months period ended	
	March 31 2015	March 31 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	42,664	(135,352)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	(6,115)	(9,356)
Depreciation on property and equipment	3,592	4,929
Amortisation on intangible assets	302	365
Interest, mark-up and profit income	(5,340)	(8,652)
Amortisation of discount on market treasury bills	(3,276)	-
Dividend income	(1,557)	-
Finance costs	9,678	59,821
Impairment against assets acquired in settlement of claims	-	3,633
Gain on sale of investment	(38,100)	(3,200)
Provision against other assets	5,903	-
Reversal on provision against trade debts	(116)	-
Impairment against / (reversal of impairment) term finance certificates	1,640	(2,225)
(Reversal) / provision for bad and doubtful loans and advances / lease losses - specific - net	(43,905)	58,439
Loss on termination of lease contracts	5,416	-
Impairment against quoted shares	3,775	-
	(68,103)	103,754
	(25,439)	(31,598)
Decrease / (increase) in current assets:		
Short-term loans and advances	(870)	(226)
Accrued markup	(3,056)	-
Short-term investments	(7,661)	148,595
Trade debts - net	60,591	264,528
Deposits, prepayments and other receivables	48,979	35,867
	97,983	448,764
(Decrease) / increase in current liabilities:		
Certificates of deposit	(177,360)	(753,458)
Trade and other payables	(47,595)	(218,789)
	(224,955)	(972,247)
	(152,411)	(555,081)
Repayments of loans and advances	29,306	14,797
Net recovery from finance lease	31,924	53,734
Long-term deposits	294	-
Payments of deposits under lease contracts	(2,489)	(9,284)
Interest, mark-up and profit received	5,340	10,936
Finance cost paid	(19,889)	(86,293)
Income tax refund / (paid) - net	74,341	(4,969)
	118,827	(21,079)
Net cash generated from / (used in) operating activities	(33,584)	(576,160)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,647)	(2,117)
Purchase of Govt. securities	(313,804)	-
Proceeds from sale of Govt. securities	319,285	-
Proceeds from disposal of subsidiary	-	199,753
Proceeds from long term investment	40,800	-
Proceeds from disposal of fixed assets	1,909	18,144
Proceeds from short term investment	8,557	-
Proceeds from disposal of investment property	18,594	-
Long-term deposits	(105)	-
Dividends received	1,557	-
Net cash flows generated from investing activities	69,146	215,780
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan	(25,000)	285,000
Net cash flows generated from financing activities	(25,000)	285,000
Net increase / (decrease) in cash and cash equivalents	10,562	(75,380)
Cash and cash equivalents at the beginning of the period	75,665	217,472
Cash and cash equivalents at the end of the period	86,227	142,092

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

Chief Executive Officer

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	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, 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 period 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
Balance as at July 01, 2014	2,121,025	(21,641)	97,098	39,733	(2,505,290)	(2,390,100)	650,000	-	380,925
Profit after taxation for the nine months period ended March 31, 2015	-	-	-	-	41,122	41,122	-	-	41,122
Profit attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	41,122	41,122	-	-	41,122
Balance as at March 31, 2015	2,121,025	(21,641)	97,098	39,733	(2,464,168)	(2,348,978)	650,000	-	422,047

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

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

1. THE GROUP AND ITS OPERATIONS

The Group consists of :

Holding company

IGI Investment Bank Limited

Subsidiary company

Percentage holding

IGI Finex Securities Limited

100%

1.1 IGI Investment Bank Limited ("Investment Bank")

1.1.1 IGI Investment Bank Limited (the Investment Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The Investment 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 Investment Bank's shares are quoted on the Karachi, Islamabad and Lahore Stock Exchanges. During the period, the Investment Bank has changed its registered office to 7th Floor, the Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi which is also principal office of the Investment Bank.

1.1.2 The Pakistan Credit Rating Agency (PACRA) has assigned the Investment Bank a rating of 'BBB-' (long-term credit rating) and at 'A3' (short-term credit rating) on January 15, 2015.

1.1.3 The annual audited financial statements for the year ended June 30, 2014 disclosed :

- the financial difficulties faced by the Investment Bank which indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern;
- the mitigating factors based on which the management believes that the Investment Bank will be able to continue as a going concern; and
- measures that have been taken by the management of the Investment Bank for continuity and sustainability in line with the aforesaid mitigating factors.

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at nine months period ended March 31, 2015, the Investment Bank has accumulated losses amounting to Rs.2,186.446 million (June 30, 2014: Rs.2,226.077 million). Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. As per the said Regulations, the minimum equity required is Rs.1,700 million as at March 31, 2015, however, the equity of the Investment Bank at the period-end amounted to Rs.71.410 million (June 30, 2014: Rs.31.779 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the Securities and Exchange Commission of Pakistan (SECP). Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

Despite the above indicators, the management believes that the Investment Bank will be able to continue as a going concern in view of the following mitigating factors:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

- the management of the Investment 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;
- the Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;
- the management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at March 31, 2015, the outstanding loans and leases aggregate to Rs.604.384 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing years; and
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

In addition to the above, the Board of Directors of the Investment Bank has approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary with and into Investment Bank. It is envisioned that the merged entity will benefit from the 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 Investment 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.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

2. BASIS OF PRESENTATION

The condensed interim consolidated financial information include the condensed interim financial information 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 information for the nine months period ended March 31, 2015 and the carrying value of investments held by IGI Investment Bank is eliminated against the subsidiary's shareholders' equity in these consolidated financial information. 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.

3. STATEMENT OF COMPLIANCE

These condensed interim financial information 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 information are the consolidated financial information of the Investment Bank and its subsidiary company. In addition to these condensed interim financial information, separate standalone condensed interim financial information of the Investment 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 information are the same as those applied in the preparation of the annual consolidated financial statements of the Investment Bank for the year ended June 30, 2014.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
5. FIXED ASSETS			
Property and equipment	5.1	21,756	19,109
Intangible assets	5.2	19,334	19,636
		41,090	38,745
5.1 PROPERTY AND EQUIPMENT			
Opening written down value		19,109	32,628
Additions:		7,536	2,371
Less: Disposals at written down value			
Disposals written down value		(1,369)	(9,862)
Depreciation for the period / year		(3,520)	(6,028)
Closing written down value		21,756	19,109
5.2 INTANGIBLE ASSETS			
Opening written down value		19,636	20,190
Depreciation for the period / year		(218)	(554)
Closing written down value		19,418	19,636
6. LONG-TERM INVESTMENTS			
Other - available-for-sale - at cost			
Investment in unquoted companies		136,780	150,179
Investment in quoted company	6.1 & 6.2	47,356	47,355
Investment in unquoted preference shares		20,000	20,000
		204,136	217,534
Less: Impairment against investments		(143,271)	(139,496)
		60,865	78,038

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 the 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, 2015, the Investment Bank's exposure in a script exceeded ten percent of the equity of the Investment 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 scripts of any one company in excess of ten percent of its own equity or of the issued capital of the investee company, whichever is lower.

Further, the Investment Bank's fund based exposure in a script exceeded twenty percent of the equity of the Investment 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 does not exceed twenty percent of equity of the NBFC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
7. CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of long-term loans and advances - net		-	9,711
Current maturity of net investment in finance lease	7.1 & 7.2	249,468	262,489
		<u>249,468</u>	<u>272,200</u>
7.1	As at March 31, 2015, the Investment Bank's fund based exposure in one party of leases exceeded twenty percent of the equity of the Investment 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 should not exceed twenty percent of equity of the NBFC.		
7.2	This amount includes residual value of Rs 222.629 million (June 30, 2014: 226.897)		
8. SHORT-TERM INVESTMENTS			
Held-to-maturity			
Market treasury bills		7,661	-
Available-for-sale			
Listed term finance certificates		8,135	58,075
Unlisted term finance certificates		108,264	108,264
		<u>116,399</u>	<u>166,339</u>
		124,060	166,339
Impairment loss on term finance certificates		(113,119)	(161,419)
		<u>10,941</u>	<u>4,920</u>
9. CASH AND BANK BALANCES			
In hand		163	130
In current accounts			
State Bank of Pakistan		152	188
Others			
Local currency		46,097	7,196
Foreign currency		1,285	1,285
		47,382	8,481
In saving accounts			
Local currency		38,530	66,866
		<u>86,227</u>	<u>75,665</u>
10. LONG-TERM LOAN			
Unsecured			
Local currency - related party	10.1	260,000	285,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

- 10.1** During last year, the Investment Bank has received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment 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 Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment 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 Investment 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 Deposit issued by the Investment Bank have been settled.

During the period ended March 31, 2015, the Investment Bank has completed repayment of all deposits along with mark-up, except for seven depositors with aggregate deposits amounting to Rs. 7.4 million since these are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.288,738. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank has placed an amount of Rs. 7.7 million in Market Treasury Bills.

In light of the above, the Investment Bank has made prepayment of Rs. 25 million against the aforesaid loan. After this prepayment of Rs. 25 million, outstanding loan of IGI Investment Bank is Rs. 260 million.

		(Un-audited)	(Audited)
	Note	March 31,	June 30,
		2015	2014
		----- (Rupees in '000) -----	
11. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of long-term certificates of deposit		7,389	9,749
Current maturity of long-term deposits under lease contracts	11.1	222,629	225,118
		230,018	234,867
11.1 This represents security deposits held by the Investment Bank under lease contracts against which an equivalent amount of residual value is receivable as disclosed in note 7.2 to this condensed interim consolidated financial information.			
12. TRADE AND OTHER PAYABLES			
Accrued expenses		9,979	8,125
Payable to customers on account of excess recoveries		3,028	3,028
Commission payable		301	300
Unclaimed dividends		305	305
Withholding tax payable		331	1,347
Advances from lessees		8,385	7,917
Payable against purchase of securities		194,378	230,149
Provision for leave encashment		1,795	2,455
Payable to IGI Insurance Limited - a related party		29,964	28,360
Bonus payable		-	1,447
Others		12,616	21,263
		261,082	304,696

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

13. CONTINGENCIES AND COMMITMENTS

13.1 There has been no significant change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2014 except for the following:

- During the period, the Investment Bank received an amount of Rs. 80 million from the tax authorities on account of tax refunds.

	Nine Months Period Ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----			
14. INCOME FROM INVESTMENTS				
Interest / mark-up / profit on investments	5,739	8,277	4,427	926
Gain / (loss) on disposal of investments	35,895	3,158	10,628	-
Dividend income	1,557	741	1,557	741
	43,191	12,176	16,612	1,667

15. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	48,392	47,576	15,633	15,396
Contribution to the provident fund	485	763	145	234
Contribution to employees' old-age benefit institution	159	162	57	54
Depreciation on property and equipment	3,592	4,567	1,208	1,352
Amortisation on intangible assets	302	427	84	126
Rent, rates and taxes	6,553	8,418	2,082	2,661
Travelling and entertainment	3,328	627	834	674
Telephone, telex and fax	3,645	4,252	1,527	1,412
Printing, postage and stationery	1,995	1,327	925	459
Insurance	1,146	1,564	382	303
Lighting, heating and cooling	1,990	382	406	179
Repairs and maintenance	2,034	2,272	628	687
Computer expenses	4,384	-	1,571	-
Brokerage and commission	7,857	4,553	3,153	2,030
Legal and professional fees	16,153	9,174	3,185	2,531
Subscriptions	9,878	8,254	4,073	2,895
Advertisement	1,138	67	1,138	67
Other expenses	4,558	10,378	119	2,910
	117,589	104,763	37,149	33,970

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

16. TRANSACTIONS WITH RELATED PARTIES

16.1 The Bank has related party relationship with its employee benefit plans, associates, group companies and its key management personnel. The transactions with related parties carried out during the period are as follows:

Nine period ended March 31, 2015

Description	Entity having significant influence over the bank	Associates	Key management personnel	Other related parties	Total
Transactions during the period ----- (Rupees in '000) -----					
Certificates of deposit matured / pre - matured	175,000	-	-	-	175,000
Insurance expense	1,146	-	-	-	1,146
Purchase of fixed assets	-	-	-	558	558
Purchase of marketable securities	-	-	7,375	23,168	30,543
Sale of marketable securities	319,285	-	5,243	-	324,528
Group shared services (see note 16.2)	3,004	-	-	-	3,004
Group shared services - Reimbursements (see note 16.2)	2,209	-	-	-	2,209
Brokerage, commission and fees earned	-	-	12	39	51
Return on certificates of deposit	6,720	-	-	-	6,720
Rent expense	7,144	-	-	694	7,838
Charge for the year in respect of employee benefit and contribution plan	-	-	-	485	485

Nine period ended March 31, 2014

Description	Entity having significant influence over the bank	Associates	Key management personnel	Other related parties	Total
Transactions during the period ----- (Rupees in '000) -----					
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
Group shared services (see note 16.2)	2,579	-	-	-	2,579
Sale of government securities	19,220	-	-	80,100	99,320
Income from loans and advances	-	-	15	-	15
Brokerage, commission and fees earned	263	-	18	1,500	1,781
Return on certificates of deposit	20,767	-	-	-	20,767
Rent expense	2,287	-	-	415	2,702
Reimbursement of rent	-	-	-	-	-
Charge for the year in respect of employee benefit and contribution plan	-	-	-	763	763

16.2. 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 CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

17. SEGMENTAL ANALYSIS

The Group's activities are broadly categorized into three 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, 2015

	Financing activities	Investing activities	Brokerage activities	Total
----- (Rupees in '000) -----				
Income from investments	-	43,191	-	43,191
Income from loans and advances	2,856	-	-	2,856
Income from lease finance	1,430	-	-	1,430
Income from fees, commission and brokerage	-	7,029	62,964	69,993
Total income for reportable segments	4,286	50,220	62,964	117,470
Finance costs	-	(7,162)	-	(7,162)
Administrative and general expenses (excluding depreciation and amortization)	(2,361)	(27,663)	(83,671)	(113,695)
Depreciation and amortization	(84)	(978)	(2,832)	(3,894)
Reversal / (provision) for bad and doubtful debts (general and specific) - net	43,905	-	-	43,905
Impairment against term finance certificate - net	-	(1,640)	-	(1,640)
Impairment against quoted shares	-	(3,775)	-	(3,775)
Reversal on provision against trade debts	-	-	116	116
Loss on termination of lease contracts	(5,416)	-	-	(5,416)
Provision against other receivables	-	-	(5,903)	(5,903)
Segment result	40,331	9,001	(29,326)	20,006
Other operating income				24,163
Unallocated other operating expenses				(1,505)
Profit before taxation				42,664
Segment assets	249,468	60,865	112,619	422,952
Unallocated assets				750,455
				1,173,407
Segment liabilities	267,649	222,629	196,474	686,752
Unallocated liabilities				64,608
				751,360
Capital expenditure - tangible	-	-	7,607	7,607
Capital expenditure - intangible	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

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	7,119	-	-	7,119
Income from fees, commission and brokerage	-	5,865	64,159	70,024
Total income for reportable segments	8,158	14,841	64,159	87,158
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)
Loss on termination of lease contracts	(11,208)	-	-	(11,208)
Impairment against assets acquired under settlement of claim	-	(3,633)	-	(3,633)
Gain on sale of term finance certificate	-	5,425	-	5,425
Segment result	<u>(87,521)</u>	<u>(53,182)</u>	<u>(6,628)</u>	<u>(147,331)</u>
Other operating income				13,239
Unallocated admin expenses				338
Unallocated other operating expenses				(1,598)
Loss before Taxation				<u>(135,352)</u>
Segment assets	<u>291,189</u>	<u>108,626</u>	<u>96,264</u>	496,079
Unallocated assets				<u>961,144</u>
				<u>1,457,223</u>
Segment liabilities	<u>487,925</u>	<u>2,360</u>	<u>219,865</u>	710,150
Unallocated liabilities				<u>378,039</u>
				<u>1,088,189</u>
Capital expenditure - tangible	<u>-</u>	<u>-</u>	<u>2,117</u>	<u>2,117</u>
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

18. CORRESPONDING FIGURES

18.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications in this condensed interim financial information.

19. DATE OF AUTHORIZATION OF ISSUE

These condensed interim consolidated financial information were approved by the Board of Directors and authorized for issue on April 27, 2015.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive Officer

Director

CONDENSED INTERIM STANDALONE FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2015

ASSETS	Note	(Un-audited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
Non-current assets			
Fixed assets	5	4,462	6,459
Long-term investments	6	216,949	234,121
Long-term deposits		4,375	4,669
		225,786	245,249
Current assets			
Current maturity of non-current assets	7	249,468	272,200
Short-term investments	8	10,941	4,920
Taxation - net		160,256	239,877
Prepayments and other receivables		20,539	22,146
Cash and bank balances	9	10,651	4,794
		451,855	543,937
TOTAL ASSETS		<u>677,641</u>	<u>789,186</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated losses		(2,186,446)	(2,226,077)
		71,410	31,779
Non-current liabilities			
Long term loan	10	329,860	285,000
Current liabilities			
Current maturity of non-current liabilities	11	230,018	234,867
Short-term certificates of deposit		-	175,000
Interest and mark-up accrued		2,776	12,987
Trade and other payables	12	43,577	49,553
		276,371	472,407
TOTAL LIABILITIES		<u>606,231</u>	<u>757,407</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u>677,641</u>	<u>789,186</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Note	Nine Months Period		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- (Rupees in '000) -----					
Income					
Income from investments	14	36,153	11,389	8,720	399
Income from loans and advances		2,856	1,039	2,654	293
Income from lease finance		1,430	4,081	263	1,673
Income from fee, commission and brokerage		7,029	5,865	1,445	1,610
		47,468	22,374	13,082	3,975
Finance costs		9,297	60,126	2,001	11,577
		38,171	(37,752)	11,081	(7,602)
Administrative and general expenses	15	31,086	39,321	7,805	10,961
		7,085	(77,073)	3,276	(18,563)
Other operating income		796	12,843	429	10,678
		7,881	(64,230)	3,705	(7,885)
Other operating expenses		1,163	1,259	338	310
Operating profit / (loss) before provisions		6,718	(65,489)	3,367	(8,195)
Reversal / (provision) for bad and doubtful loans and advances / lease losses - specific - net		43,905	(58,439)	31,617	-
(Impairment) / reversal of impairment against term finance certificates - net		(1,640)	2,225	-	820
Impairment against assets acquired in settlement of claims		-	(3,633)	-	-
Impairment against quoted shares		(3,775)	-	(338)	-
Loss on termination of lease contracts		(5,416)	(8,170)	(5,416)	-
		33,074	(68,017)	25,863	820
Profit / (loss) before taxation		39,792	(133,506)	29,230	(7,375)
Taxation - net		(161)	(311)	-	(71)
Profit / (loss) after taxation		39,631	(133,817)	29,230	(7,446)
Other comprehensive income - net of tax		-	-	-	-
Total comprehensive income / (loss)		39,631	(133,817)	29,230	(7,446)
----- (Rupees) -----					
Earnings / (loss) per share		0.19	(0.63)	0.14	(0.04)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Quarter Ended	
	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	39,792	(133,506)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	(306)	(9,375)
Depreciation on property and equipment	808	2,428
Amortisation on intangible assets	254	365
Interest, mark-up and profit income	(5,340)	(8,652)
Finance costs	9,297	60,126
(Reversal) / provision for bad and doubtful loans and advances / lease losses - specific - net	(43,905)	58,439
Impairment against quoted shares	3,775	-
Gain on sale of investments	(35,895)	(3,200)
Loss on termination of lease contracts	5,416	-
Impairment against assets acquired in settlement of claims	-	3,633
Impairment / (reversal of impairment) against term finance certificates	1,640	(2,225)
	(64,256)	101,539
	(24,464)	(31,967)
Decrease / (increase) in current assets:		
Short-term loans and advances	-	288
Short-term investments	(7,661)	160,090
Prepayments and other receivables	1,607	1,771
	(6,054)	162,149
(Decrease) / increase in current liabilities:		
Certificates of deposit	(177,360)	(753,458)
Trade and other payables	(5,976)	18,702
	(183,336)	(734,756)
	(213,854)	(604,574)
Repayment of loans and advances	29,306	14,797
Net recovery from finance leases	31,924	53,734
Payment of long term deposits	294	-
Repayments of deposits under lease contracts	(2,489)	(9,284)
Interest, mark-up and profit received	5,340	10,936
Finance cost paid	(19,508)	(86,598)
Income tax received / (paid)	79,460	(1,020)
	124,327	(17,435)
Net cash used in operating activities	(89,527)	(622,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of long-term investments - net	40,800	-
Proceeds from sale of short-term investments - net	8,557	-
Proceeds from divestment in subsidiary	-	199,753
Proceeds from disposal of fixed assets	1,167	18,076
Net cash flows generated from investing activities	50,524	217,829
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan	44,860	285,000
Net cash flows generated from financing activities	44,860	285,000
Net increase / (decrease) in cash and cash equivalents	5,857	(119,180)
Cash and cash equivalents at the beginning of the period	4,794	123,755
Cash and cash equivalents at the end of the period	10,651	4,575

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital	Revenue		
		Statutory reserve	General reserve Accumulated profit / (loss)		
----- (Rupees in '000) -----					
Balance as at July 01, 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	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(2,224,176)</u>	<u>33,680</u>
Balance as at July 01, 2014	2,121,025	97,098	39,733	(2,226,077)	31,779
Profit after taxation for the nine months period ended March 31, 2015	-	-	-	39,631	39,631
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	39,631	39,631
Balance as at March 31, 2015	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(2,186,446)</u>	<u>71,410</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI Investment Bank Limited (the Investment Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The Investment 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 Investment Bank's shares are quoted on the Karachi, Islamabad and Lahore Stock Exchanges. During the period, the Investment Bank has changed its registered office to 7th Floor, the Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi which is also principal office of the Investment Bank.

The Pakistan Credit Rating Agency (PACRA) has assigned the Investment Bank a rating of 'BBB-' (long-term credit rating) and at 'A3' (short-term credit rating) on January 14, 2015.

1.2 This condensed interim financial information is the separate financial information of the Investment Bank. In addition to this condensed interim financial information, condensed interim consolidated financial information of the Investment 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 information of the Group.

1.3 The annual audited financial statements of the Investment Bank for the year ended June 30, 2014 disclosed in detail:

- the financial difficulties faced by the Investment Bank which indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern;
- the mitigating factors based on which the management believes that the Investment Bank will be able to continue as a going concern; and
- measures that have been taken by the management of the Investment Bank for continuity and sustainability in line with the aforesaid mitigating factors.

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at nine months period ended March 31, 2015, the Investment Bank has accumulated losses amounting to Rs.2,186.446 million (June 30, 2014: Rs.2,226.077 million). Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. As per the said Regulations, the minimum equity required is Rs.1,700 million as at March 31, 2015, however, the equity of the Investment Bank at the period-end amounted to Rs.71.410 million (June 30, 2014: Rs.31.779 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the Securities and Exchange Commission of Pakistan (SECP). Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

Despite the above indicators, the management believes that the Investment Bank will be able to continue as a going concern in view of the following mitigating factors:

- the management of the Investment 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;
- the Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

- the management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at March 31, 2015, the outstanding loans and leases aggregate to Rs.604.384 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing years; and
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

In addition to the above, the Board of Directors of the Investment Bank has approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary with and into the Investment Bank. 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** This condensed interim financial information of the Investment Bank for the nine months period ended March 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008, and the said directives prevail.
- 2.2** This condensed interim financial information does 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 Investment Bank for the year ended June 30, 2014.
- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2014.

4. SIGNIFICANT ESTIMATES AND JUDGMENT

The preparation of the unconsolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this unconsolidated condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended June 30, 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
5. FIXED ASSETS			
Property and equipment	5.1	4,382	6,122
Intangible assets		80	337
		4,462	6,459
5.1 Property and equipment			
Opening written down value		6,122	18,109
Less: Disposals at written down value			
Lease hold improvements		-	(1,688)
Furniture and fittings		-	(5,095)
Motor vehicles		(861)	(2,261)
Computer equipment		-	(110)
		(861)	(9,154)
Depreciation for the period / year		(879)	(2,833)
Closing written down value		4,382	6,122
6 LONG-TERM INVESTMENTS			
Related parties			
Investment in unquoted subsidiary company	6.3	652,571	652,571
Others - available-for-sale			
Investment in unquoted companies		88,782	102,179
Investment in quoted company	6.1,6.2&6.3	47,356	47,355
Investment in unquoted preference shares		20,000	20,000
		156,138	169,534
Less: Impairment against investments		(591,760)	(587,984)
		216,949	234,121
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 Azgard Nine Limited (ANL) and various lenders including the Investment 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, 2015, the Investment Bank's exposure in a script exceeded ten percent of the equity of the Investment 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 scripts of any one company in excess of ten percent of its own equity or of the issued capital of the investee company, whichever is lower.		
6.3	As at March 31, 2015, the Investment Bank's fund based exposure in certain scripts exceeded twenty percent of the equity of the Investment 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 should not exceed twenty percent of equity of the NBFC.		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
7. CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of long-term loans and advances - net		-	9,711
Current maturity of net investment in finance lease	7.1 & 7.2	249,468	262,489
		<u>249,468</u>	<u>272,200</u>

7.1 As at March 31, 2015, the Investment Bank's fund based finance lease exposure to a single party exceeded twenty percent of the equity of the Investment 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 should not exceed twenty percent of equity of the NBFC.

7.1 This amount includes residual value of Rs 222.629 million (June 30, 2014: 226.897)

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
8. SHORT-TERM INVESTMENTS			
Held-to-maturity			
Market Treasury Bills		7,661	-
Available-for-sale			
Listed term finance certificates		8,135	58,075
Unlisted term finance certificates		108,264	108,264
		<u>116,399</u>	<u>166,339</u>
		124,060	166,339
Impairment loss on term finance certificates		(113,119)	(161,419)
		<u>10,941</u>	<u>4,920</u>

9 CASH AND BANK BALANCES

In hand		-	80
In current accounts			
State Bank of Pakistan		152	188
Others			
Local currency		142	1,325
Foreign currency		1,285	1,285
		<u>1,427</u>	<u>2,610</u>
In savings accounts			
Local currency	9.1	9,072	1,916
		<u>10,651</u>	<u>4,794</u>

9.1 These represent deposit accounts with commercial banks carrying mark-up at the rate ranging between 6.5% to 7% (June 30, 2014: 6.5% to 7%) per annum.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
Note		----- (Rupees in '000) -----	
10. LONG-TERM LOAN			
Unsecured			
Local currency - related party	10.1&10.2	<u>329,860</u>	<u>285,000</u>

- 10.1** During last year, the Investment Bank received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment 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 Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment 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 Investment 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 Deposit issued by the Investment Bank have been settled.

During the period ended March 31, 2015, the Investment Bank has completed repayment of all deposits along with mark-up, except for seven depositors with aggregate deposits amounting to Rs. 7.4 million since these are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.288,738. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank has placed an amount of Rs. 7.7 million in Market Treasury Bills.

In light of the above, the Investment Bank has made prepayment of Rs. 25 million against the aforesaid loan. After this prepayment of Rs. 25 million, outstanding loan of IGI Investment Bank is Rs. 260 million.

- 10.2** During the period, the Investment Bank has entered into a long term loan agreement with its wholly owned subsidiary (IGI Finex Securities Limited) for Rs. 85 million. Under the terms of the Loan Agreement, the loan is to be disbursed in multiple tranches, on such dates and in such amount as may be mutually agreed by the parties to the agreement. The loan carries markup rate at 1 month KIBOR + 2% and repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment 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. The Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date. As at March 31, 2015, the Investment Bank has received Rs. 69.860 million out of the total amount of the loan i.e. Rs. 85 million.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

		(Un-audited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
11. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of long-term certificates of deposit	11	7,389	9,749
Current maturity of long-term deposits under lease contracts		222,629	225,118
		230,018	234,867

11.1 This represents security deposits held by the Investment Bank under lease contracts against which an equivalent amount of residual value is receivable as disclosed in note 7.2 to this condensed interim financial information.

12. TRADE AND OTHER PAYABLES

Accrued expenses		5,611	6,032
Payable to customers on account of excess recoveries		3,028	3,028
Unclaimed dividends		305	305
Withholding tax payable		71	1,347
Advances from lessees		8,385	7,917
Payable to IGI Insurance Limited - a related party		23,014	22,941
Others		3,163	7,983
		43,577	49,553

13. CONTINGENCIES AND COMMITMENTS

13.1 There has been no significant change in the status of contingencies as disclosed in the annual financial statements for the year ended June 30, 2014 except for the following:

- During the period, the Investment Bank received an amount of Rs. 80 million from the tax authorities on account of tax refunds.

	Nine Months Period		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	----- (Rupees in '000) -----			
14 INCOME FROM INVESTMENTS				
Interest / mark-up / profit on investments	258	8,231	229	399
Gain on sale of investments	35,895	3,158	8,491	-
	36,153	11,389	8,720	399

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015

	Nine Months Period		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- (Rupees in '000) -----				
15 ADMINISTRATIVE AND GENERAL EXPENSES				
Salaries, allowances and benefits	10,625	19,229	3,252	5,054
Contribution to the provident fund	485	763	145	234
Contribution to employees' old-age benefit institution	36	46	12	13
Depreciation on property and equipment	808	2,428	223	589
Amortisation on intangible assets	254	365	67	106
Rent, rates and taxes	1,496	3,159	419	894
Travelling and entertainment	469	451	106	231
Telephone, telex and fax	787	1,614	281	454
Printing, postage and stationery	611	570	205	241
Insurance	479	916	160	87
Lighting, heating and cooling	246	382	18	179
Repairs and maintenance	1,605	1,759	453	549
Brokerage and commission	-	38	-	12
Legal and professional charges	11,889	6,030	2,057	1,362
Subscriptions	876	1,189	269	631
Advertisement	99	43	99	43
Other expenses	321	339	39	282
	<u>31,086</u>	<u>39,321</u>	<u>7,805</u>	<u>10,961</u>

16. TRANSACTIONS WITH RELATED PARTIES

16.1 The Investment Bank has related party relationship with its employee benefit plans, subsidiary, group companies and its key management personnel. The Investment Bank in the normal course of business carries out transactions with various related parties at agreed / commercial terms. Information regarding outstanding balances as at March 31, 2015 and June 30, 2014 has been disclosed in the respective notes to this condensed interim financial information. The transactions with related parties carried out during the period are as follows:

Nine months period ended March 31, 2015						
Description	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----						
Transactions during the period						
Certificates of deposit matured / pre - matured	175,000	-	-	-	-	175,000
Insurance expense	479	-	-	-	-	479
Sale of marketable securities	40,800	-	-	-	-	40,800
Group shared services (see note 16.2)	1,543	437	-	-	-	1,980
Group shared services - Reimbursements (see note 16.2)	1,917	4,395	-	-	-	6,312
Long term loan received	-	69,860	-	-	-	69,860
Markup on Long term loan	-	2,516	-	-	-	2,516
Return on certificates of deposit	6,720	-	-	-	-	6,720
Rent expense	722	256	-	-	419	1,397
Charge for the year in respect of employee contribution plan	-	-	-	-	485	485

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

Nine months period ended March 31, 2014

Description	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----						
Transactions during the period						
Certificates of deposit issued	765,000	210,000	-	-	-	975,000
Certificates of deposit matured	510,000	210,000	-	-	-	720,000
Sale of fixed assets	17,862	-	-	-	-	17,862
Group shared services (see note 16.2)	2,579	410	-	-	-	2,989
Sale of government securities	19,220	147,600	-	-	80,100	246,920
Income from loans and advances	-	-	-	15	-	15
Return on certificates of deposit	20,767	5,221	-	-	-	25,988
Rent expense	2,287	-	-	-	415	2,702
Charge for the year in respect of employee contribution plan	-	-	-	-	763	763

16.2 Group shared services

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

17. CORRESPONDING FIGURES

17.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications in this condensed interim financial information.

18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 27, 2015 by the Board of Directors of the Investment Bank.

19. GENERAL

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

Chief Executive Officer

Director