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## Company Informaion

**Audit Committee Lahore**

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

**Auditors**

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

**Legal Advisors**

M/s Hassan & Hassan, Advocates  
M/s Mohsin Tayebaly & Co.,  
Advocate & Legal Consultants  
M/s Orr, Dignam & Co.,  
Advocates

**Bankers**

Allied Bank Ltd.  
Atlas Bank Ltd.  
Bank AL Habib Ltd.  
Habib Metropolitan Bank Ltd.  
JS Bank Ltd.  
MCB Bank Ltd.  
My Bank Ltd.  
NIB Bank Ltd.  
Soneri Bank Ltd.  
United Bank Ltd.

**Shares Registrar**

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

**Lahore Registered Office**

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

**Karachi Office**

7<sup>th</sup> Floor, The Forum,  
Suite Nos. 701-713, G-20,  
Block 9,  
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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.  
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(051) 2275256-58  
Fax: (051) 2273861

**Faisalabad Office**

9<sup>th</sup> Floor, State Life Building,  
Faisalabad.  
Tel: (041) 2540811-12  
Fax: (041) 2540815

**Multan Office**

Mezzanine Floor, Abdali Tower,  
Abdali Road, Multan.  
Tel: (061) 4504461-62  
Fax: (061) 4784403

**UAN**

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

**Website**

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

**Email**

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

## Director's Report to the Shareholders

The Board of Directors of IGI Investment Bank Limited is pleased to present the unaudited financial statements for the first quarter ended September 30, 2009.

This quarter was relatively a better period after the last financial year's crisis during which the global economy as well as our national economy witnessed a very slow growth. The Non - Banking Financial Institutions in particular faced tremendous liquidity crunch and business meltdown. We were very fortunate to remain liquid during this crisis and fulfilled all our financial commitments on due dates. Now things are improving slowly & gradually as witnessed from your bank's quarter end result.

During the current period your bank has continued to emphasize on its strategic goals and focused its attention on increasing revenues and decreasing cost of funds as well as freezing administrative costs in order to recover losses incurred last year.

Your bank has reported an after tax Profit of Rs. 3.3 million for the quarter ended September 30, 2009 as compared to a Profit of Rs 1.12 million in the corresponding period of last year. These first quarter results are also reflective of the strategy which the Board and the Management have adopted to improve the revenues and reduce the costs.

### Financial Summary

The financial highlights for the quarter ended September 30, 2009 are as follows:

	September 30, 2009	September 30, 2008	Increase / (Decrease)	
	Rupees in thousands			%
<b>INCOME</b>				
Fund based Income	204,854	202,000	2,854	1%
Fund based Cost	156,669	168,970	(12,301)	(7%)
Net Fund Based Income	48,185	33,030	15,155	46%
Fee Based Income	4,908	11,082	(6,174)	(56%)
<b>EXPENDITURE</b>				
Administrative and operating expenses	43,001	42,741	260	1%

Our Fund based income increased from Rs. 202 million to Rs. 204.85 million and Fund based cost decreased from Rs. 168.97 million to Rs. 156.67 million resultantly showing 46% increase in net fund based income. Your bank has effectively controlled the administrative expenses, and reports only a nominal increase of 1% over the corresponding period of last year. The revenue generated from fee based lines of business i.e. brokerage; corporate finance, and advisory & portfolio management decreased from Rs.11.08 million to Rs. 4.91 million due to the prevalent market situation. We anticipate that 2010

## **Director's Report to the Shareholders**

will be a steady year for the financial sector and the national economy. We are exploring new business opportunities, such as wealth management, and will continue to maintain our extra prudent stance towards financial management in order to remain Pakistan's premier investment bank.

We are indeed grateful to our shareholders, valued customers and business partners, whose support and feedback has been invaluable. We also take this opportunity to place on record our appreciation for the hard work and continued loyalty of the employees.

For & on behalf of the Board

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

Karachi: October 30, 2009

**Condensed Interim Balance Sheet - (Un-audited)**  
As at September 30, 2009

	Note	Un-audited September 30, 2009	Audited June 30, 2009
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Property, plant and equipment	4	74,318	82,175
Intangible assets	4	5,685	6,274
		80,003	88,449
Long-term investments	5	1,243,643	1,293,943
Long-term loans and advances - net		139,832	162,315
Net investment in finance lease - net		700,346	843,382
Long-term deposits		5,343	6,795
Deferred tax assets - net		135,056	135,056
		2,304,223	2,529,940
<b>Current assets</b>			
Current maturity of long-term loans and advances - net		157,540	195,746
Current maturity of net investment in finance lease - net		986,563	985,714
Short-term loans and advances		298,106	405,980
Lendings - secured		92,200	98,600
Short-term investments	6	2,753,036	1,892,946
Taxation - net		248,731	247,835
Advances, deposits and prepayments		14,733	6,036
Interest, mark-up and profit accrued		53,627	49,152
Receivable against sale of securities		-	2,857
Other receivables - net		21,178	21,184
Cash and bank balances		24,358	112,664
		4,650,072	4,018,714
<b>TOTAL ASSETS</b>		<u>6,954,295</u>	<u>6,548,654</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated losses		(385,332)	(388,627)
		1,872,524	1,869,229
<b>Deficit on revaluation of investments - net</b>	7	(21,918)	(1,767)
		1,850,606	1,867,462
<b>Non-current liabilities</b>			
Term finance certificates		123,916	186,330
Long-term finance		66,667	66,667
Long-term certificates of deposit		160,733	165,130
Long-term deposits on lease contracts		235,560	271,464
		586,876	689,591
<b>Current liabilities</b>			
Current maturity of term finance certificates		124,950	124,950
Current maturity of long-term finance		279,166	341,666
Current maturity of long-term certificates of deposit		258,782	243,411
Current maturity of long term deposits on lease contracts		275,691	253,074
Short-term finance		49,472	299,472
Short-term certificates of deposit		2,709,381	2,248,334
Borrowings from financial institutions		620,589	225,868
Interest and mark-up accrued		168,380	141,445
Payable against purchase of securities		-	74,647
Accrued expenses and other liabilities		30,402	38,734
		4,516,813	3,991,601
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,954,295</u>	<u>6,548,654</u>
<b>Contingencies and commitments</b>	8		

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

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

**Condensed Interim Profit and Loss Account - (Un-audited)**  
For the Quarter Ended September 30, 2009

	Note	Quarter ended	
		September 30, 2009	September 30, 2008
		-----Rupees in '000-----	
<b>INCOME</b>			
Income from investments	9	125,694	33,907
Income from loans and advances		20,951	38,269
Income from lease finance		44,151	71,681
Income from fund placements		10,529	52,737
Income from fees, commission and brokerage		4,908	11,082
		206,233	207,676
Finance costs		156,669	168,970
		49,564	38,706
Administrative and general expenses		42,033	42,081
		7,531	(3,375)
Other operating income		5,008	9,233
		12,539	5,858
Other operating expenses		968	660
Operating profit before provisions		11,571	5,198
Provision for bad and doubtful loans and advances / potential lease losses - general - net		-	(1,158)
Provision for bad and doubtful loans and advances / potential lease losses - specific - net		(7,931)	(2,923)
		(7,931)	(4,081)
<b>Profit before taxation</b>		3,640	1,117
Taxation - net		345	-
<b>Profit after taxation</b>		3,295	1,117
		-----Rupees-----	
<b>Earnings per share</b>		0.02	0.01

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

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

**Cash Flow Statement - (Un-audited)**  
For the Quarter Ended September 30, 2009

	Quarter ended	
	September 30, 2009	September 30, 2008
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	3,640	1,117
<b>Adjustments for non cash and other items:</b>		
Gain on disposal of fixed assets	(1,159)	(277)
Depreciation on property & equipment	5,950	6,681
Amortisation of intangible assets	588	654
Amortisation of transaction cost on TFCs	188	280
Provision for staff gratuity scheme	600	-
Interest, mark-up and profit income	(152,386)	(196,398)
Dividend income	(2,512)	(2,060)
Finance cost	156,669	168,970
Provision for bad and doubtful loans / potential lease losses - general - net	-	1,158
Provision for bad and doubtful loans / lease losses - specific - net	7,931	2,923
	15,869	(18,069)
	19,509	(16,952)
<b>(Increase) / decrease in current assets:</b>		
Short-term loans and advances	107,874	81,320
Lendings	6,400	900,513
Receivable against continuous funding system transactions	-	(893,344)
Short-term investments	(880,241)	(224,736)
Receivable against sale of securities	2,857	791,167
Advances, deposits, prepayments and other receivables	(7,254)	(70,118)
	(770,364)	584,802
<b>Increase / (decrease) in current liabilities:</b>		
Short-term certificates of deposit	461,047	(190,478)
Borrowings from financial institutions	394,721	(587,109)
Accrued expenses and other liabilities	(83,579)	(129,882)
	772,189	(907,469)
	21,334	(339,619)
Disbursements of long-term loans - net	60,689	(150,076)
Net investments in finance lease	134,256	(34,806)
Long-term deposits	1,452	(5)
(Repayment) / issuance of long-term certificates of deposit - net	10,974	(190,445)
Receipts from deposits on lease contracts - net	(13,287)	25,269
Interest, mark-up and profit received	147,911	155,556
Dividend received	1,075	2,060
Financial cost paid	(129,734)	(179,312)
Income tax paid	(1,241)	(5,064)
<b>Net cash generated from / (used in) operating activities</b>	227,957	(376,823)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure incurred	(22)	(2,774)
Long-term investments	50,300	-
Proceeds from disposal of fixed assets	3,089	1,988
<b>Net cash inflow from investing activities</b>	53,367	(786)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Term finance certificates	(62,602)	(59,168)
Long-term finance - net	(62,500)	(62,498)
<b>Net cash outflow on financing activities</b>	(125,102)	(121,666)
<b>Net increase in cash and cash equivalents</b>	161,694	(838,894)
Cash and cash equivalents at the beginning of the period	(186,808)	550,681
<b>Cash and cash equivalents at the end of the period</b>	(25,114)	(288,213)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	24,358	11,787
Short-term finance	(49,472)	(300,000)
	(25,114)	(288,213)

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

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

**Condensed Interim Statement of Changes in Equity - (Un-audited)**  
For the Quarter Ended September 30, 2009

	Issued, subscribed and paid-up capital	Statutory reserve	General reserve	Accumulated losses	Total
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----- (Rupees in thousand) -----

Balance as at June 30, 2008	2,121,025	97,098	39,733	(13,541)	2,244,315
Profit after tax for the quarter ended September 30, 2008	-	-	-	1,117	1,117
Balance as at September 30, 2008	2,121,025	97,098	39,733	(12,424)	2,245,432
Balance as at June 30, 2009	2,121,025	97,098	39,733	(388,627)	1,869,229
Profit after tax for the quarter ended September 30, 2009	-	-	-	3,295	3,295
Balance as at September 30, 2009	2,121,025	97,098	39,733	(385,332)	1,872,524

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

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive





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## Notes to the Condensed Interim Financial Statements - (Un-audited)

For the Quarter Ended September 30, 2009

### 1 LEGAL STATUS AND OPERATIONS

IGI Investment Bank Limited ("IGI BANK") is a public limited company incorporated in Pakistan on February 7, 1990 under the Companies Ordinance, 1984. IGI BANK is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations). IGI BANK's shares are quoted on the Karachi and Lahore Stock Exchanges. During the year, with effect from March 19, 2009, the shares of IGI BANK have been listed on the Islamabad Stock Exchange. The trading in the shares of IGI BANK on the Islamabad Stock Exchange commenced on March 19, 2009. 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 7<sup>th</sup> Floor, The Forum, Suite No 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial statements of IGI BANK for the year ended June 30, 2008, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of IGI BANK as 'A' and the short-term rating as 'A1'.

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

### 2 STATEMENT OF COMPLIANCE

- 2.1 These 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 Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and 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.
- 2.2 The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 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.
- 2.3 The classifications and provisioning requirements against non-performing assets have been considered in accordance with the applicable requirements of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Notes to the Condensed Interim Financial Statements - (Un-audited)**  
For the Quarter Ended September 30, 2009

**4 FIXED ASSETS**

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

	Quarter ended September 30, 2009		Year ended June 30, 2009	
	Additions	Disposals / adjustments	Additions	Disposals / adjustments
	----- (Rupees in thousand) -----			
Property and equipment	22	1,928	18,280	14,893
Intangibles	-	-	893	-

**5 LONG-TERM INVESTMENTS**

**Investment in subsidiary companies - related party**

IGI Finex Securities Limited (100% shareholding)  
IGI Funds Limited (99.97% shareholding)

Un-audited September 30, 2009	Audited June 30, 2009
----- (Rupees in '000) -----	
652,571	652,571
242,440	242,440
895,011	895,011

**Investment in associate companies - related party**

IGI Stock Fund  
IGI Income Fund

Un-audited September 30, 2009	Audited June 30, 2009
----- (Rupees in '000) -----	
249,700	100,000
-	200,000
249,700	300,000

**Investment in unquoted companies - at cost**

98,932	98,932
<u>1,243,643</u>	<u>1,293,943</u>

- 5.1** This includes investment in the seed capital of IGI Stock Fund amounting to Rs 50 million which is required to be kept for a period of 2 years upto 2010. The aforementioned investment in IGI Stock Fund was approved by the shareholders of IGI BANK in their extra ordinary general meeting held on June 14, 2007.
- 5.2** These have been carried at cost less accumulated impairment losses, if any under the requirements of International Accounting Standard (IAS) 28 "Investment in Associates".

**Notes to the Condensed Interim Financial Statements - (Un-audited)**  
For the Quarter Ended September 30, 2009

	Note	Un-audited September 30, 2009	Audited June 30, 2009
------(Rupees in '000)-----			
<b>6 SHORT-TERM INVESTMENTS - NET</b>			
<b>Held-to-maturity</b>			
Commercial papers		-	-
Fund placements		340,000	487,000
Term deposit receipts		-	75,000
		340,000	562,000
<b>Held-for-trading</b>			
Pakistan Investment Bonds		44,290	95,422
Market treasury bills		1,492,501	362,270
		1,536,791	457,692
<b>Available-for-sale</b>			
Term finance certificates		789,449	702,505
Units of mutual funds		36,459	159,631
Shares / certificates and modaraba certificates		149,337	110,118
		975,245	972,254
<b>Investment at cost</b>		2,852,036	1,991,946
Impairment loss on fund placement and debt security		(99,000)	(99,000)
		<u>2,753,036</u>	<u>1,892,946</u>

In accordance with the requirements of NBFC and Notified Entities Regulations, 2008, IGI BANK has invested Rs 469,334 thousand (representing 15 percent of the funds raised through issue of certificates of deposit by IGI BANK excluding certificates of deposit held by financial institutions) in Pakistan Investment Bonds and Market Treasury Bills.

	Note	Un-audited September 30, 2009	Audited June 30, 2009
------(Rupees in '000)-----			
<b>7 SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS - NET</b>			
Net surplus / (deficit) on revaluation of:			
- government securities		(9,899)	1,093
- listed and unlisted term finance certificates	7.1	(19,842)	(15,880)
- mutual funds units		6,284	(5,367)
- quoted shares and certificates		153	(23,235)
		(23,304)	(43,389)
Impairment losses on investment classified as available for sale			
- transferred to profit and loss account		-	40,211
		(23,304)	(3,178)
Related deferred tax asset - net		1,386	1,411
		<u>(21,918)</u>	<u>(1,767)</u>

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

**Notes to the Condensed Interim Financial Statements - (Un-audited)**  
For the Quarter Ended September 30, 2009

**8 CONTINGENCIES AND COMMITMENTS**

**8.1 Taxation**

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

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

In the original assessment made by the DCIT for the assessment years 1995-96 to 2000-01, dividend income was taxed by applying the tax rate applicable to the business income of a banking company instead of applying the reduced tax rate of 5% as prescribed by the law. The CIT (A) and the ITAT through its various orders have confirmed that such income is taxable at the reduced rate of 5% in respect of assessment years 1995-96 to 1997-98. However the tax authorities have filed appeals against the orders of ITAT before the Lahore High Court which are pending to date. In similar appeals of other companies, the Lahore High Court has already decided the matter of taxation of dividend income against the taxation authorities.

In addition to the above matters, the taxation authorities have also disallowed certain expenses and made additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses in respect of various assessment years against which IGI BANK has filed appeals before the CIT (A). The CIT (A) has deleted the majority of the additions against which the tax authorities have filed appeals before the ITAT which are currently pending.

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

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

**Notes to the Condensed Interim Financial Statements - (Un-audited)**  
For the Quarter Ended September 30, 2009

	<b>Unaudited September 30, 2009</b>	<b>Audited June 30, 2009</b>
	----- (Rupees in '000) -----	
<b>8.2 Claims not acknowledged as debt</b>	81,570	81,570
<b>8.3 Commitments</b>	-	-
	<b>Quarter ended</b>	
	<b>September 30, 2009</b>	<b>September 30, 2008</b>
	----- (Rupees in '000) -----	
<b>9 INCOME FROM INVESTMENTS</b>		
Interest / mark-up / profit on investments	73,951	28,305
Gain on disposal of investments	49,231	3,542
Dividend income	2,512	2,060
	125,694	33,907

**10 TRANSACTIONS WITH RELATED PARTIES**

The company has related party relationship with its employee benefit plans, subsidiaries, group companies and its key management personnel. The transactions with related parties carried out during the quarter ended September 30, 2009 are as follows:

	<b>Quarter ended September 30, 2009</b>			
	<b>Subsidiaries</b>	<b>Other related parties</b>	<b>Key management personnel</b>	<b>Total</b>
	----- (Rupees in thousand) -----			
<b>Transactions during the period</b>				
Certificate of deposits issued and mark-up paid thereon	615,000	206,969	3,064	825,033
Insurance premium paid	-	1,155	-	1,155
Purchase of marketable securities	115,973	-	-	115,973
Sale of marketable securities	98,248	-	-	98,248
Redemption of mutual fund units	200,000	-	-	200,000
Lending's - secured	334,100	-	-	334,100
Income from Lending's - secured	411	-	-	411
Reimbursement of rent	6,095	290	-	6,385
Income from finances	-	-	77	77
Brokerage, commission and fee paid	247	-	-	247
Return on deposits	3,958	1,218	8	5,184
Rent expense	6	3,364	-	3,370
Travelling and lodging	-	-	512	512
Investment in mutual fund units	149,700	-	-	149,700
Subscription	204	-	-	204
Charge for the year in respect of employee - benefit and contribution plan	-	1,371	-	1,371
Remuneration to key management personnel	-	-	5,477	5,477

**Notes to the Condensed Interim Financial Statements - (Un-audited)**  
For the Quarter Ended September 30, 2009

	Quarter ended September 30, 2008			Total
	Subsidiaries	Other related parties	Key management personnel	
	------(Rupees in thousand)-----			
<b>Transactions during the period</b>				
Certificate of deposits issued	-	291,415	-	291,415
Insurance premium paid	-	4,177	-	4,177
Purchase of marketable securities	108,361	-	-	108,361
Sale of marketable securities	219,171	-	-	219,171
Finance Provided	30,000	-	35	30,035
Income from finances	246	-	6	252
Brokerage, commission and fee income	187	-	-	187
Return on deposits	-	1,116	-	1,116
Rent expense	-	8,622	-	8,622
Charge for the period in respect of employee benefit and contribution plan	-	-	1,039	1,039
Remuneration to key management personnel	-	-	18,042	18,042

	Subsidiaries	Other related parties	Key management personnel	Total
<b>Balance outstanding as at September 30, 2009</b>				
Deposit against CFS and cash future	-	-	-	-
Lendings - secured	92,200	-	-	92,200
Loans and advances	-	-	2,008	2,008
Certificate of deposits	205,000	99,710	2,209	306,919
Other receivable	8,727	250	-	8,977
Other Payable	-	345	-	345
Markup accrued - Certificate of deposits	430	1,542	5	1,977
Markup accrued - Loan & Advances	-	-	7	7
Markup accrued - Lendings - secured	558	-	-	558

	Subsidiaries	Other related parties	Key management personnel	Total
<b>Balance outstanding as at September 30, 2008</b>				
Deposit against CFS and trading future	15,000	-	-	15,000
Loans & Advances	-	10,000	-	10,000
Certificate of deposits	-	210,412	-	210,412
Markup accrued - certificate of deposits	-	4,186	-	4,186
Other receivable	20,330	-	-	20,330
Accrued expenses and other liabilities	-	5,614	-	5,614

**11 SEGMENTAL ANALYSIS**

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

**Financing activities**

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

**Investment activities**

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

**Notes to the Condensed Interim Financial Statements - (Un-audited)**  
For the Quarter Ended September 30, 2009

Segmental information for the Quarter ended September 30, 2009	2009		
	Financing activities	Investing activities	Total
	Rupees in '000		
Income from investments	-	125,694	125,694
Income from loans	20,951	-	20,951
Income from lease finance	44,151	-	44,151
Income from fund placements	-	10,529	10,529
Income from fees, commission and brokerage	-	4,908	4,908
<b>Total income for reportable segments</b>	65,102	141,131	206,233
Finance costs	(59,021)	(97,648)	(156,669)
Administrative and general expenses	(3,412)	(3,096)	(6,508)
Provision for bad and doubtful debts (general & specific)	(7,931)	-	(7,931)
<b>Segment result</b>	(5,262)	40,387	35,125
Other operating income			5,008
Unallocated administrative expenses			(35,525)
Other operating expenses			(968)
<b>Profit before taxation</b>			3,640
Segment assets	2,302,134	4,141,507	6,443,641
Unallocated assets			510,654
			6,954,295
Segment liabilities	2,187,880	2,885,407	5,073,287
Unallocated liabilities			30,403
			5,103,690
Unallocated capital expenditure - tangible			22
Unallocated capital expenditure - intangible			-
Segment depreciation and amortization of fixed assets	2,064	4,474	6,538
			6,538
			6,538
Segmental information for the Quarter ended September 30, 2008	2008		
	Financing activities	Investing activities	Total
	Rupees in '000		
Income from investments	-	33,907	33,907
Income from loans	38,269	-	38,269
Income from lease finance	71,681	-	71,681
Income from fund placements	-	52,737	52,737
Income from fees, commission and brokerage	-	11,082	11,082
<b>Total income for reportable segments</b>	109,950	97,726	207,676
Finance costs	(87,530)	(81,440)	(168,970)
Administrative and general expenses	(3,026)	(3,412)	(6,438)
Provision for bad and doubtful debts (general & specific)	(4,081)	-	(4,081)
<b>Segment result</b>	15,313	12,874	28,187
Other operating income			9,233
Unallocated administrative expenses			(35,643)
Other operating expenses			(660)
<b>Profit before taxation</b>			1,117
Segment assets	2,621,449	3,435,453	6,056,902
Unallocated assets			491,752
			6,548,654
Segment liabilities	2,633,888	2,027,717	4,661,605
Unallocated liabilities			19,587
			4,681,192
Unallocated capital expenditure - tangible			18,280
Unallocated capital expenditure - intangible			893
Segment depreciation and amortization of fixed assets	3,757	3,578	7,335
			7,335



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**Notes to the Condensed Interim Financial Statements - (Un-audited)**

For the Quarter Ended September 30, 2009

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

**12 DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on October 30, 2009 by the Board of Directors of IGI BANK.

**13 GENERAL**

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

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive





**Consolidated Financial Statements**  
**For the Quarter Ended September 30, 2009**

**Consolidated Balance Sheet (Un-audited)**  
As at September 30, 2009

	Note	Un-audited September 30, 2009	Audited June 30, 2009
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Property and equipment		137,924	149,809
Capital work-in-progress		4,084	2,718
Intangible assets		161,365	161,293
	5	303,373	313,820
Long-term investments	6	385,792	662,801
Long-term loans and advances - net		140,432	162,683
Net investment in finance lease		700,346	843,382
Long-term deposits and other receivables		12,452	15,333
Deferred tax asset - net		203,399	202,710
		1,803,073	2,200,729
<b>Current assets</b>			
Current maturity of long-term loans		157,911	196,258
Current maturity of net investment in finance lease		986,563	985,714
Short-term loans and advances - net		298,106	405,980
Lendings - secured		28,000	48,600
Short-term investments	7	2,977,480	1,928,111
Taxation - net		267,634	265,762
Advances, deposits and prepayments		36,298	18,494
Interest, mark-up and profit accrued		54,863	51,265
Trade debts		304,750	288,590
Receivable against sale of securities		-	2,857
Other receivables -net		25,528	24,719
Cash and bank balances		154,328	216,952
		5,234,182	4,433,302
<b>TOTAL ASSETS</b>		<b>7,037,255</b>	<b>6,634,031</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and reserves</b>			
Share Capital		2,121,025	2,121,025
Reserves-net		115,145	115,145
Accumulated Losses		(657,032)	(633,987)
		1,579,138	1,602,183
<b>Minority Interest</b>			
		46	45
		1,579,184	1,602,228
<b>Deficit on revaluation of investments - net</b>	8	(19,886)	(12,133)
<b>Non-current liabilities</b>			
Term finance certificates		123,916	186,330
Long-term finance		66,667	66,667
Long-term certificates of deposit		160,733	165,130
Long term deposits on lease contracts		235,560	271,464
Liabilities against assets subject to finance lease		1,386	1,500
Deferred Liabilities		875	-
		589,137	691,091
<b>Current liabilities</b>			
Current maturity of term finance certificates		124,950	124,950
Current maturity of long-term finance		279,166	341,666
Current maturity of long-term certificates of deposit		258,782	243,411
Current maturity of deposits on lease contracts		275,691	253,074
Current maturity of liabilities against assets subject to finance lease		432	417
Short-term finance		224,168	518,468
Short-term certificates of deposit		2,504,381	2,248,334
Borrowings from financial institutions		620,589	225,868
Interest and mark-up accrued		171,134	143,173
Payable against purchase of securities		-	74,647
Accrued expenses and other liabilities		429,527	178,837
		4,888,820	4,352,845
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,037,255</b>	<b>6,634,031</b>
<b>Contingencies and commitments</b>			
	9		
The annexed notes 1 to 15 form an integral part of these financial statements.			
<b>SYED BABAR ALI</b> Chairman		<b>S. JAVED HASSAN</b> Managing Director & Chief Executive	

**Consolidated Profit and Loss Account (Un-audited)**  
For the Quarter Ended September 30, 2009

	Note	Quarter ended	
		September 30, 2009	September 30, 2008
------(Rupees in '000)-----			
<b>INCOME</b>			
Income from investments-net	10	105,154	36,448
Income from loans		20,951	38,023
Income from lease finance		44,151	71,681
Income from lendings and continuous funding system transactions		11,306	80,720
Remuneration from funds under management		8,513	11,012
Income from fees, commission and brokerage		40,951	26,661
		231,026	264,545
Finance costs		156,534	188,486
		74,492	76,059
Administrative and general expenses		100,374	120,078
		(25,882)	(44,019)
Other operating income		6,845	6,282
		(19,037)	(37,737)
Other operating expenses		1,244	933
Operating profit before provisions		(20,281)	(38,670)
Provision for bad and doubtful loans / potential lease losses - general - net		-	(1,158)
Provision for bad and doubtful loans / lease losses - specific - net		(7,931)	(2,923)
		(7,931)	(4,081)
Share of profit in associate		8,332	-
<b>Loss before taxation</b>		(19,880)	(42,751)
Taxation-net	11	(3,164)	4,647
<b>Loss after taxation</b>		(23,044)	(38,104)
Profit / (loss) attributable to minority interest		1	(755)
Loss attributable to shareholders		(23,045)	(37,349)
<b>Loss per share</b>		(0.11)	(0.18)

The annexed notes 1 to 15 form an integral part of these financial statements.

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

**Consolidated Cash Flow Statement (Un-audited)**  
For the Quarter Ended September 30, 2009

	Quarter ended	
	September 30, 2009	September 30, 2008
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period before taxation	(19,880)	(42,751)
<b>Adjustments for non-cash and other items:</b>		
Gain on disposal of fixed assets	(1,893)	(277)
Depreciation on property and equipment	10,565	11,238
Amortisation of intangible assets	1,051	3,481
Amortisation of transaction cost on TFCs	188	280
Provision for gratuity scheme	293	157
Interest, mark-up and profit income	(129,782)	(196,316)
Dividend income	(2,512)	(2,060)
Finance cost	160,903	188,732
Return on bank deposits and CFS transactions	-	(5)
Share of profit in associate	(8,332)	-
Provision for bad and doubtful loans / potential lease losses - general	-	1,158
Provision for bad and doubtful loans / potential lease losses - specific - net	7,931	2,923
	38,412	9,311
	18,532	(33,440)
<b>(Increase) / decrease in current assets:</b>		
Short-term loans	77,900	81,089
Lendings	(21,600)	900,513
Receivable against continuous funding system transactions	-	(775,339)
Short-term investments	(880,241)	(224,736)
Trade debts	(218,303)	576,351
Advances, deposits, prepayments and other receivables	(8,040)	(55,299)
	(1,050,284)	502,579
<b>Increase / (decrease) in current liabilities:</b>		
Short-term certificates of deposit	461,047	(190,478)
Borrowings from financial institutions	394,721	(587,109)
Accrued expenses and other liabilities	264,149	(148,365)
	1,119,917	(925,952)
<b>Cash generated from operations</b>	88,165	(456,813)
Repayment / (disbursements) of long-term loans - net	90,689	(150,076)
Net investments in finance lease	134,256	(34,806)
Long-term deposits and prepayments	1,452	(1,255)
(Repayments) / issuance of long-term certificates of deposit - net	10,974	(190,445)
Receipts from deposits on lease contracts - net	(13,287)	25,269
Interest, mark-up and profit received	146,631	155,561
Dividend received	1,075	2,060
Finance cost paid	(132,450)	(184,825)
Income tax paid	(5,683)	(7,862)
<b>Net cash generated from / (used in) operating activities</b>	233,657	(386,379)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure incurred	(3,421)	(8,931)
Long - term investments	86,149	120,842
Proceeds from disposal of fixed assets	3,852	2,664
Long-term loans and advances	(1,463)	174
<b>Net cash inflow from investing activities</b>	85,117	114,749
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Term finance certificates	(62,602)	(59,168)
Long - term borrowings - net	(62,500)	(62,498)
Short - term borrowings-net	-	(30,677)
Security deposit paid in respect of leased assets	-	(159)
Lease Rental paid	(160)	-
<b>Net cash outflow on financing activities</b>	(125,262)	(152,502)
<b>Net decrease in cash and cash equivalents</b>	281,677	(880,945)
Cash and cash equivalents at the beginning of the period	(351,517)	148,784
<b>Cash and cash equivalents at the end of the period</b>	(69,840)	(732,161)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	154,328	66,266
Short-term finance	(224,168)	(798,427)
	(69,840)	(732,161)

The annexed notes 1 to 15 form an integral part of these financial statements.

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

**Consolidated Statement of Changes in Equity (Un-audited)**  
For the Quarter Ended September 30, 2009

	Issued, subscribed and paid-up capital	Reserve arising on acquisition of minority interest- Capital reserve	Statutory Reserve	General Reserve	Accumulated losses	Total Reserves	Minority Interest	Total
----- (Rupees in '000) -----								
Balance as at June 30, 2008	2,121,025	-	97,098	39,733	(95,011)	41,820	23,384	2,186,229
Loss after taxation for the quarter	-	-	-	-	(38,104)	(38,104)	-	(38,104)
Loss attributable to minority Interest	-	-	-	-	755	755	(755)	-
Balance as at September 30, 2008	2,121,025	-	97,098	39,733	(132,360)	4,471	22,629	2,148,125
Balance as at June 30, 2009	2,121,025	(21,686)	97,098	39,733	(633,987)	(518,842)	45	1,602,228
Loss after taxation for the quarter	-	-	-	-	(23,044)	(23,044)	-	(23,044)
Profit attributable to minority Interest	-	-	-	-	(1)	(1)	1	-
Balance as at September 30, 2009	2,121,025	(21,686)	97,098	39,733	(657,032)	(541,887)	46	1,579,184

The annexed notes 1 to 15 form an integral part of these financial statements.

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

**1 THE GROUP AND ITS OPERATIONS**

The Group consists of :

**Holding company**

- IGI Investment Bank Limited ("IGI BANK")

**Percentage holding**

**Subsidiary companies**

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

**IGI Investment Bank Limited**

IGI Investment Bank Limited is a public limited company incorporated in Pakistan on February 7, 1990 under the Companies Ordinance, 1984. IGI BANK is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). IGI BANK's shares are quoted on the Karachi and Lahore Stock Exchanges. The registered office of IGI BANK is situated at 5 F.C.C., Syed Maratib Ali Road, Gulberg, Lahore. During the year, with effect from March 19, 2009, the shares of IGI Bank have been listed on the Islamabad Stock Exchange. The trading in the shares of IGI Bank on the Islamabad Stock Exchange commenced on March 19, 2009. The principal place of the business is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial result for the year ended June 30, 2008, the Pakistan Credit Rating Agency (PACRA) maintained the long-term credit rating of IGI BANK as 'A' and the short-term rating as 'A1'.

**IGI Finex Securities Limited**

IGI Finex Securities Limited was incorporated in Pakistan on June 28, 1994 as a Public limited company under the Companies Ordinance, 1984. The registered office of IGI Finex is situated at Suite No. 701 to 713, 7th Floor, The Forum, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. IGI Finex is a public unlisted company and a corporate member of the Karachi Stock Exchange (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited and National Commodity Exchange Limited. The principal activities of IGI Finex include shares brokerage and money market operations and providing financing for continuous funding system transactions.

**IGI Funds Limited**

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

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**

For the Quarter Ended September 30, 2009

**2 BASIS OF PRESENTATION**

- a) The consolidated financial statements include the financial statements of IGI Investment Bank Limited, IGI Finex Securities Limited and IGI Funds Limited.
- b) Subsidiaries are entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the un-audited financial statements for the quarter ended September 30, 2009 and the carrying value of investments held by IGI BANK is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements. Intra-Group balances and transactions have been eliminated.
- c) Minority interests are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the group.

**3 STATEMENT OF COMPLIANCE**

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

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies as are engaged in investment finance services, discounting services and housing finance services.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

**5 FIXED ASSETS**

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

		Quarter ended September 30, 2009	
	Note	Additions	Disposals
		-----Rupees in '000-----	
Property and equipment		3,458	1,993
Intangibles		-	-
		<b>Un-audited</b>	<b>Audited</b>
		<b>September</b>	<b>June</b>
		<b>30, 2009</b>	<b>30, 2009</b>
		-----Rupees in '000-----	

**6 LONG-TERM INVESTMENTS**

**Investment in associate companies - related party**

IGI Stock Fund	6.1	286,860	128,828
IGI Income Fund		-	435,041
		286,860	563,869

**Available for sale**

Investment in unquoted companies - at cost		98,932	98,932
		385,792	662,801

- 6.1** This includes investment in the seed capital of IGI Stock Fund amounting to Rs 50 million which is required to be kept for a period of 2 years upto 2010. The aforementioned investment in IGI Stock Fund was approved by the shareholders of IGI BANK in their extra ordinary general meeting held on June 14, 2007.



**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

	<b>Un-audited September 30, 2009</b>	<b>Audited June 30, 2009</b>
	-----Rupees in '000-----	
<b>7 SHORT-TERM INVESTMENTS</b>		
<b>Held-to-maturity</b>		
Fund placements	340,000	487,000
Term deposit receipts	-	75,000
	340,000	562,000
<b>Held-for-trading</b>		
Pakistan Investment Bonds	44,290	95,422
Market Treasury Bills	1,492,501	362,270
Listed Term finance certificate	-	2,220
Listed Shares	6,753	32,945
	1,543,544	492,857
<b>Available-for-sale</b>		
Term finance certificates	791,651	702,505
Units of mutual funds	251,948	159,631
Shares / certificates	149,337	110,118
	1,192,936	972,254
	3,076,480	2,027,111
Impairment loss on fund placement and debt security	(99,000)	(99,000)
	2,977,480	1,928,111

In accordance with the requirements of NBFC and Notified Entities Regulations, 2008, IGI BANK has invested Rs 469,334 thousand (representing 15 percent of the funds raised through issue of certificates of deposit by IGI BANK excluding certificates of deposit held by financial institutions) in Pakistan Investment Bonds and Market Treasury Bills.

	<b>Un-audited Sep 30, 2009</b>	<b>Audited June 30, 2009</b>
	-----Rupees in '000-----	
<b>8 DEFICIT ON REVALUATION OF INVESTMENTS - NET</b>		
Net deficit on revaluation of:		
- government securities	(9,899)	1,093
- listed and unlisted term finance certificates	(19,860)	(15,969)
- mutual funds units	7,777	(5,367)
- quoted shares and certificates	710	(33,554)
- forward sale of quoted shares and certificates	-	-
	(21,272)	(53,797)
Impairment losses on investment classified as available for sale		
- transferred to profit and loss account	-	40,211
	(21,272)	(13,586)
Related deferred tax asset - net	1,386	1,453
	(19,886)	(12,133)

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

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Taxation**

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

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

In the original assessment made by the DCIT for the assessment years 1995-96 to 2000-01, dividend income was taxed by applying the tax rate applicable to the business income of a banking company instead of applying the reduced tax rate of 5% as prescribed by the law. The CIT (A) and the ITAT through its various orders have confirmed that such income is taxable at the reduced rate of 5% in respect of assessment years 1995-96 to 1997-98. However the tax authorities have filed appeals against the orders of ITAT before the Lahore High Court which are pending to date. In similar appeals of other companies, the Lahore High Court has already decided the matter of taxation of dividend income against the taxation authorities.

In addition to the above matters, the taxation authorities have also disallowed certain expenses and made additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses in respect of various assessment years against which IGI BANK has filed appeals before the CIT (A). The CIT (A) has deleted the majority of the additions against which the tax authorities have filed appeals before the ITAT which are currently pending.

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

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

	<b>Un-audited September 30, 2009</b>	<b>Audited June 30, 2009</b>
	-----Rupees in '000-----	
<b>9.2 Claims not acknowledged as debt</b>	81,570	81,570
<b>9.3 Commitments</b>	-	-
- Commitments in respect of capital expenditure	-	787

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

	Quarter ended		
	September 30, 2009	September 30, 2008	
-----Rupees in '000-----			
<b>10 INCOME FROM INVESTMENTS-NET</b>			
Interest / mark-up / profit on investments	75,721	30,128	
Gain / (loss) on disposal of investments	26,921	4,260	
Dividend income	2,512	2,060	
	105,154	36,448	
<b>11 TAXATION</b>			
For the period			
- Current	(3,853)	(1,559)	
- Deferred	689	6,206	
	(3,164)	4,647	
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>			
	-----2009-----		
<b>Description</b>	<b>Other related parties including associated undertakings</b>	<b>Key Management personnel</b>	<b>Total</b>
	----- (Rupees in thousand) -----		
<b>Transactions during the year</b>			
Certificate of deposits issued and mark-up paid thereon	206,969	3,064	210,033
Purchase of marketable securities	106,257	52,642	158,899
Sale of marketable securities	229,083	48,912	277,995
Insurance premium paid	1,155	-	1,155
Brokerage income earned	445	62	507
Income from finances	-	77	77
Reimbursement of rent	290	-	290
Sale of assets	36	-	36
Rent expense	3,364	-	3,364
Travelling and Lodging	-	512	512
Insurance expense paid to IGI Insurance	295	-	295
Return on deposit	1,218	8	1,226
Charge for the year in respect of employee benefit and contribution plan	1,609	-	1,609
Expenses incurred by IGI Insurance Limited	1,726	-	1,726
Liability of IGI Insurance Ltd settled	2,359	-	2,359
Expenses incurred by Packages Limited on behalf of the Company	17	-	17
Remuneration from IGI Income Fund & IGI Stock Fund	11,256	-	11,256
Purchase units of IGI Income Fund	4,500	-	4,500
Sale units of IGI Income Fund	13,600	-	13,600
Bonus received from IGI Income Fund	5,565	-	5,565
Sales load IGI Stock Fund	65	-	65
Legal & Professional charges paid on behalf of IGI Islamic & IGI Pak Brunei Income Fund	30	-	30
Printing charges paid on behalf of IGI Fund Limited	92	-	92
Authorization fee paid on behalf of IGI Islamic & IGI Pak Brunei Income Fund	2,000	-	2,000
Remuneration paid to key management personnel	-	5,477	5,477

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

Description	-----2009-----		
	Other related parties including associated undertakings	Key Management personnel	Total
	----- (Rupees in thousand) -----		
<b>Balance outstanding as at year end</b>			
Loans and advances	-	2,008	2,008
Other receivable	250	-	250
Other payable	345	-	345
Certificates of deposit	99,710	2,209	101,919
Remuneration receivable from IGI Income Funds & IGI Stock Funds	3,034	-	3,034
Formation cost on behalf of IGI Stock, IGI Islamic & IGI Pak Brunei Fund	3,764	-	3,764
Sale Load Receivable IGI Stock Fund	65	-	65
Expenses payable to IGI Insurance Ltd	886	-	886
Mark-up accrued - Loan & Advances	-	7	7
Mark-up accrued - Certificate of deposits	1,542	5	1,547
	-----2008-----		
Description	Other related parties including associated undertakings	Key Management personnel	Total
	----- (Rupees in thousand) -----		
<b>Transactions during the year</b>			
Certificate of deposits issued and mark-up paid thereon	291,415	-	291,415
Purchase of marketable securities	211,364	2,210	213,574
Sale of marketable securities	375,647	1,130	376,777
Insurance premium paid	4,177	-	4,177
Brokerage income earned	552	2	554
Finance provided	-	35	35
Income from finances	-	6	6
Return on deposits	1,116	-	1,116
Rent expense	8,622	-	8,622
Charge for the year in respect of employee benefit and contribution plan	1,300	-	1,300
Amount receivable against payment of Final Settlement of Employee	1,670	-	1,670
Expenses incurred by IGI Insurance Limited	264	-	264
Remuneration from IGI Income Fund & IGI Stock Fund	14,302	-	14,302
Purchase units of IGI Income Fund & IGI Stock Fund	1,500	-	1,500
Sale units of IGI Income Fund & IGI Stock Fund	42,000	-	42,000
Sales load from IGI Stock Fund	14	-	14
Bonus units received from IGI Income Fund	4,121	-	4,121
Remuneration to key management personnel	-	18,042	18,042
Legal charges paid on behalf of IGI Stock Fund, IGI Islamic Fund, IGI Pak Brunei Fund & IGI Provident Fund	193	60	253
Amount recovered against CDC account opening charges and IGI Stock Fund	3	-	3
Printing charges on behalf of IGI Stock Fund & IGI Islamic Fund	294	-	294
Security deposit paid on behalf of IGI Stock Fund	100	-	100
Authorization fee paid IGI Islamic Fund & IGI Pak Brunei Fund	2,000	-	2,000

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

	-----2008-----		
	<b>Other related parties including associated undertakings</b>	<b>Key Management personnel</b>	<b>Total</b>
	----- (Rupees in thousand) -----		
<b>Balance outstanding as at year end</b>			
Loans and advances	10,000	-	10,000
Certificate of deposits	210,412	-	210,412
Remuneration receivable from IGI Income Fund & IGI Stock Fund	3,107	-	3,107
Formation cost incurred on behalf of IGI Stock Fund, IGI Islamic Fund & IGI Pak Brunei Fund	3,514	-	3,514
Sales load with IGI Stock Fund	14	-	14
Printing charges receivable from IGI Stock Fund	202	-	202
Security deposit receivable from IGI Stock Fund	100	-	100
Expenses payable to IGI Insurance Ltd	1,913	-	1,913
Provident Fund contribution payable	173	-	173
Amount receivable against Final Settlement	1,645	-	1,645
Accrued expenses and others Liabilities	5,614	-	5,614
Mark-up accrued - Certificate of deposits	4,186	-	4,186

**13 SEGMENTAL ANALYSIS**

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

**Financing activities**

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

**Investment activities**

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

**Brokerage activities**

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

**Asset management services activities**

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

**Notes to the Condensed Consolidated Financial Statements (Un-audited)**  
For the Quarter Ended September 30, 2009

	2009				TOTAL
	Financing activities	Investing activities	Brokerage	Asset Management	
	(Rupees in thousand)				
Income from investments	-	103,244	1,683	227	105,154
Income from loans	20,951	-	-	-	20,951
Income from lease finance	44,151	-	-	-	44,151
Income from lendings and continuous funding system transactions	-	10,118	1,188	-	11,306
Remuneration from funds under management	-	-	-	8,513	8,513
Income from fees, commission and brokerage	-	4,908	34,653	1,390	40,951
<b>Total income for reportable segments</b>	65,102	118,270	37,524	10,130	231,026
Finance costs	(57,530)	(95,181)	(3,759)	(64)	(156,534)
Administrative and general expenses	(3,412)	(3,096)	(20,191)	(5,867)	(32,566)
Provision for bad and doubtful debts (general & specific)	(7,931)	-	-	-	(7,931)
<b>Segment result</b>	(3,771)	19,993	13,574	4,199	33,995
Other operating income					15,177
Unallocated administrative expenses					(67,808)
Other operating expenses					(1,244)
<b>Loss before taxation</b>					(19,880)
Segment assets	2,310,657	3,182,843	597,639	92,290	6,183,429
Unallocated assets					853,826
					7,037,255
Segment liabilities	2,187,880	2,885,407	177,880	1,818	5,252,985
Unallocated liabilities					224,972
					5,477,957
Unallocated capital expenditure - tangible					753
Unallocated capital expenditure - intangible					1,339
Segment depreciation and amortization of fixed assets					11,913
					(19,880)

  

	2008				TOTAL
	Financing activities	Investing activities	Brokerage	Asset Management	
	(Rupees in thousand)				
Income from investments	-	33,907	1,738	803	36,448
Income from loans	38,023	-	-	-	38,023
Income from lease finance	71,681	-	-	-	71,681
Income from lendings and continuous funding system transactions	-	52,737	27,983	-	80,720
Remuneration from funds under management	-	-	-	11,012	11,012
Income from fees, commission and brokerage	-	11,082	15,579	-	26,661
<b>Total income for reportable segments</b>	109,704	97,726	45,300	11,815	264,545
Finance costs	(87,530)	(81,440)	(19,181)	(335)	(188,486)
Administrative and general expenses	(3,026)	(3,412)	(24,744)	(14,388)	(45,570)
Provision for bad and doubtful debts (general & specific)	(4,081)	-	-	-	(4,081)
<b>Segment result</b>	15,067	12,874	1,375	(2,908)	26,408
Other operating income					6,282
Unallocated administrative expenses					(74,508)
Other operating expenses					(933)
<b>Loss before taxation</b>					(42,751)
Segment assets	2,612,140	2,534,388	562,411	100,147	5,809,086
Unallocated assets					824,945
					6,634,031
Segment liabilities	2,712,959	1,948,646	348,727	1,917	5,012,249
Unallocated liabilities					31,687
					5,043,936
Unallocated capital expenditure - tangible					38,832
Unallocated capital expenditure - intangible					1,730
Segment depreciation and amortization of fixed assets					57,017



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**Notes to the Condensed Consolidated Financial Statements (Un-audited)**

For the Quarter Ended September 30, 2009

**14 DATE OF AUTHORISATION OF ISSUE**

These financial statements were authorized for issue on October 30, 2009 by the Board of Directors of IGI BANK.

**15 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**SYED BABAR ALI**  
Chairman

**S. JAVED HASSAN**  
Managing Director & Chief Executive