



IGI

Investment Bank

**QUARTERLY
REPORT
JUL-SEP 2010**

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Company Information

Board of Directors

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

Audit Committee

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

Auditors

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

Legal Advisors

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

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.
Standard Chartered Bank
United Bank Ltd.

Shares Registrar

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

Lahore Registered Office

5 F.C.C. Ground Floor,
Syed Maratib Ali Road,
Gulberg, Lahore.
Tel: (042) 111-234-234
(042) 35753414-16
Fax: (042) 111-567-567
(042) 35762790

Karachi Office

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

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Mezzanine Floor, Razia Sharif
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Islamabad.
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Faisalabad Office

9th Floor, State Life Building,
Faisalabad.
Tel: (041) 2540811-14
Fax: (041) 2540815

Multan Office

C-2, 1st Floor, Hasan Arcade,
Multan Cantt.
Tel: (061) 4504461-62
Fax: (061) 4784403

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Website

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Email

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Directors' Review

The Board of Directors of IGI Investment Bank Limited is pleased to present the un-audited financial statements for the first quarter ended September 30, 2010.

During the current period IGI Investment Bank continued its focus on growth in the existing lines of business with the ultimate objective of long term shareholder value creation.

Your company ended the first quarter September 30, 2010 with an after tax profit of Rs.8.928 million as compared to a profit of Rs.3.295 million in the corresponding period of the last year.

Financial Summary

The financial highlights for the first quarter ended September 30, 2010 are as follows:

	30-Sep-2010	30-Sep-2009	Increase / (Decrease)	
	Rupees in thousands		%	
INCOME				
Fund based Income	235,798	204,854	30,944	15.11
Fund based Cost	184,550	156,669	27,881	17.80
Net Fund Based Income	51,248	48,185	3,063	6.36
Fee Based Income	4,402	4,908	(506)	(10.31)
EXPENDITURE				
Administrative and operating expenses	46,261	43,001	3,260	7.58

Our Fund based income increased from Rs.204.854 million to Rs.235.798 million and Fund based cost increased from Rs.156.669 million to Rs.184.550 million thereby showing 6.36% increase in net fund based income. The administrative expenses reports increase of 7.58% over the corresponding period of last year reflecting increase in legal and professional fees, printings and utilities expenses. Management hopes to offset this increase in rest of the year by cost cutting measures. The revenue generated from fee based lines of business i.e. brokerage, corporate finance and advisory & portfolio management decreased from Rs.4.908 million to Rs.4.402 million.

We are aware of the challenges ahead but we look forward to the future with confidence and expect that your company will witness growth in the business activities as well as revenue generation capacity through diversified business lines and product range.

In order to avail more opportunities in the financial market, the management has decided to create synergies between Fund Select Department and Wealth Management Department by merging and naming them as Investment Advisory Department. Services provided by the Investment Advisory Department will include:

- Mutual Fund Advisory
- Investment and Insurance Advisory
- Separately Managed Accounts (SMA) ; and
- Certificate of Deposits (COD)

Furthermore, due to volatile situation spreading in the SME sector the Corporate Marketing department is now focusing only on recoveries of loans and advances.

We look forward to the near future with great vigilance and expect that 2011 will be a steady year for financial sector as well as for corporate and individuals. We are indeed grateful to our valued customers and business partners, whose support and feedback has been invaluable. We also take this opportunity to place on record our appreciation of the devotion, loyalty and continued hard work of the employees.

For and on behalf of the Board.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Karachi: October 18, 2010.

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2010

	Note	Sep 30, 2010 (Un-Audited)	Jun 30, 2010 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Fixed Assets	4	62,742	63,024
Long-term investments	5	1,390,621	1,504,621
Long-term loans and advances - net		226,816	204,694
Net investment in finance lease	6	288,855	369,706
Long-term deposits		5,250	5,345
Deferred tax asset - net		336,041	336,041
		2,310,325	2,483,431
Current assets			
Current maturity of non-current assets	7	833,511	946,868
Short-term loans and advances	8	10,112	22,834
Lendings - secured		598,147	651,391
Short-term investments	9	3,949,206	3,548,523
Taxation - net		251,546	251,741
Deposit, prepayments and other receivables	10	156,088	55,061
Interest, mark-up and profit accrued		83,465	86,006
Cash and bank balances		260,969	214,834
		6,143,044	5,777,258
TOTAL ASSETS		<u>8,453,369</u>	<u>8,260,689</u>
EQUITY & LIABILITIES			
Capital and reserves			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated losses		(579,069)	(587,997)
		1,678,787	1,669,859
Deficit on revaluation of investments - net of tax	11	(66,070)	(37,305)
		1,612,717	1,632,554
Non-current liabilities			
Redeemable capital		62,133	62,133
Long-term finance	12	150,000	150,000
Long-term certificates of deposit	13	259,575	271,709
Long-term deposits under lease contracts		95,519	133,801
		567,227	617,643
Current liabilities			
Current maturity of non-current liabilities	14	840,161	935,601
Short-term certificates of deposit	13	3,398,023	3,265,344
Borrowings from financial institutions	15	1,780,895	1,591,689
Interest and mark-up accrued		197,545	157,325
Accrued expenses and other liabilities		56,801	60,533
		6,273,425	6,010,492
TOTAL LIABILITIES		<u>6,840,652</u>	<u>6,628,135</u>
Contingencies and Commitments	16		
TOTAL EQUITY AND LIABILITIES		<u>8,453,369</u>	<u>8,260,689</u>

The annexed notes from 1 to 22 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, 2010

	Note	Quarter ended	
		Sep 30, 2010	Sep 30, 2009
------(Rupees in '000)-----			
INCOME			
Income from investments	17	169,892	125,694
Income from loans and advances		18,969	20,951
Income from lease finance		23,381	44,151
Income from lendings		20,158	10,529
Income from fees, commission and brokerage		4,402	4,908
		236,802	206,233
Finance costs		184,550	156,669
		52,252	49,564
Administrative and general expenses		44,749	42,033
		7,503	7,531
Other operating income		4,498	5,008
		12,001	12,539
Other operating expenses		1,512	968
Operating profit before provisions		10,489	11,571
Provision for bad and doubtful loans and advances / lease losses - general - net		-	-
Provision for bad and doubtful loans and advances / lease losses - specific - net		-	(7,931)
		-	(7,931)
Profit before taxation		10,489	3,640
Taxation - net		(1,561)	(345)
Profit after taxation		8,928	3,295
Other comprehensive income - net of tax		-	-
Total comprehensive income - net of tax		8,928	3,295
Earning per share - Basic		0.04	0.02

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Condensed Interim Cash Flow Statement (Un-audited)
For the Quarter Ended September 30, 2010

	Quarter ended	
	Sep 30, 2010	Sep 30, 2009
	----- (Rupees in '000) -----	
CASH GENERATED FROM OPERATIONS		
Profit for the period before taxation	10,489	3,640
Adjustments for non cash and other items:		
Gain on disposal of property & equipment	(619)	(1,159)
Depreciation on property and equipment	5,237	5,950
Amortization of intangible assets	605	588
Amortization of transaction cost on term finance certificates	85	188
(Reversal) / provision for staff gratuity scheme	740	600
Interest, mark-up and profit income	(174,562)	(152,386)
Dividend income	(24,385)	(2,512)
Finance cost	184,550	156,669
Provision for bad and doubtful loans / lease losses - specific - net	-	7,931
	<u>(8,349)</u>	<u>15,869</u>
	2,140	19,509
Working capital changes		
(Increase) / decrease in current assets:		
Short-term loans and advances	12,722	107,874
Lendings - secured	53,244	6,400
Short-term investments	(429,448)	(880,241)
Prepayments and other receivables	(78,419)	(4,397)
	<u>(441,901)</u>	<u>(770,364)</u>
Increase / (decrease) in current liabilities:		
Short-term certificates of deposit	132,679	461,047
Borrowings from financial institutions	39,217	394,721
Accrued expenses and other liabilities	(4,471)	(83,579)
	<u>167,425</u>	<u>772,189</u>
	(272,336)	21,334
Repayments / (Disbursements) of long-term loans and advances	33,577	60,689
Net recovery from finance lease	138,509	134,256
Long-term deposits	95	1,452
Disbursement / (Repayments) of certificates of deposit	(62,989)	10,974
Payments of deposits under lease contracts	(20,359)	(13,287)
Interest, mark-up and profit received	177,102	147,911
Dividend received	1,777	1,075
Finance cost paid	(144,330)	(129,734)
Income tax paid	(1,366)	(1,241)
Net cash generated from / (used in) operating activities	<u>122,016</u>	<u>212,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(8,269)	(22)
Amount recovered from Long-term investments	114,000	50,300
Proceeds from disposal of fixed assets	3,328	3,089
Net cash outflow from investing activities	<u>109,059</u>	<u>53,367</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal redemption of term finance certificates	(62,593)	(62,602)
Long-term finance - net repaid	-	(62,500)
Net cash outflow from financing activities	<u>(62,593)</u>	<u>(125,102)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(103,854)</u>	<u>161,694</u>
Cash and cash equivalents at the beginning of the period	65,124	(186,808)
Cash and cash equivalents at the end of the period	<u>(38,730)</u>	<u>(25,114)</u>
Cash and cash equivalents at the end of the period		
Cash and bank balances	260,969	24,358
Short-term running finance utilized under mark-up arrangements	(299,699)	(49,472)
	<u>(38,730)</u>	<u>(25,114)</u>

The annexed notes from 1 to 22 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, 2010

	Reserves				Total
	Capital	Revenue			
	Statutory reserve	General reserve	Accumulated losses		
	----- (Rupees in '000) -----				
Balance as at June 30, 2009	2,121,025	97,098	39,733	(388,627)	1,869,229
Profit after taxation for the quarter ended September 30, 2009	-	-	-	3,295	3,295
Other comprehensive income	-	-	-	-	-
Total comprehensive Income	-	-	-	3,295	3,295
Balance as at September 30, 2009	2,121,025	97,098	39,733	(385,332)	1,872,524
Balance as at June 30, 2010	2,121,025	97,098	39,733	(587,997)	1,669,859
Profit after taxation for the quarter ended September 30, 2010	-	-	-	8,928	8,928
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	8,928	8,928
Balance as at September 30, 2010	2,121,025	97,098	39,733	(579,069)	1,678,787

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

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

For the Quarter Ended September 30, 2010

1. LEGAL STATUS AND OPERATIONS

IGI Investment Bank Limited (the Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The Bank is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations). The Bank's shares are quoted on all three Stock Exchanges. The registered office of the Bank is situated at 5 F.C.C., Syed Maratib Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, The Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial statements of the Bank for the year ended June 30, 2009, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Bank as 'A' and the short-term rating as 'A1'.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan, NBFC Rules and NBFC Regulations. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Bank's annual financial statements for the year ended June 30, 2010.

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 which are engaged in investment finance services, discounting services and housing finance services.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended June 30, 2010 except for the following changes:

3.1 IAS-1 (revised) "Presentation of Financial Statements" separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Bank has elected to present one statement.

The Bank considers that the above change in the requirements relating to the presentation of the financial statements does not affect the Bank's financial statements for the period due to the fact that currently all items of income and expense are being recognized in the profit and loss account other than surplus / deficit arising on revaluation of fixed assets, held-for-trading and available-for-sale investments which, in accordance with the requirements of the Companies Ordinance, 1984 and SBP directives, are reported below equity. Accordingly, the Bank does not have any item of other comprehensive income to report for the current period and prior year and therefore, total comprehensive income is equal to the net profit / (loss) reported for all years presented.

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

3.2 IFRS-8 replaced IAS-14 "Segment Reporting" upon its effective date. The Bank concluded that the operating segments determined in accordance with IFRS-8 are the same as the business segments previously identified under IAS-14. IFRS-8 disclosures are shown in note 18, including the related revised comparative information.

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
-----Rupees in '000-----		
4 FIXED ASSETS		
Property and equipment	57,900	57,577
Intangible assets	4,842	5,447
	<u>62,742</u>	<u>63,024</u>
5 LONG-TERM INVESTMENTS		
Related parties - at cost		
Investment in unquoted subsidiary companies	895,011	895,011
Investment in associates	507,365	621,365
	1,402,376	1,516,376
Others - available for sale - at cost		
Investment in unquoted companies	98,932	98,932
Investment in unquoted preference shares	20,000	20,000
	<u>1,521,308</u>	<u>1,635,308</u>
Less: Impairment against investments	(130,687)	(130,687)
	<u>1,390,621</u>	<u>1,504,621</u>
6 NET INVESTMENT IN FINANCE LEASE		
Lease rental receivables	827,999	982,819
Add: Residual value	416,119	436,700
	<u>1,244,118</u>	<u>1,419,519</u>
Less: Unearned finance income	(36,503)	(64,811)
	<u>1,207,615</u>	<u>1,354,708</u>
Less: Provision for lease losses	(207,890)	(216,474)
	<u>999,725</u>	<u>1,138,234</u>
Less: Current maturity of net investment in finance lease	(710,870)	(768,528)
	<u>288,855</u>	<u>369,706</u>
7 CURRENT MATURITY OF NON-CURRENT ASSETS		
Current maturity of long-term loans and advances - net	122,642	178,340
Current maturity of net investment in finance lease	710,870	768,528
	<u>833,511</u>	<u>946,868</u>

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

		September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
	Note	-----Rupees in '000-----	
8	SHORT-TERM LOANS AND ADVANCES		
	Considered good		
	Short term loans and advances	7,478	21,075
	Considered doubtful		
	Short term loans and advances	175,074	174,199
	Less: provision thereagainst	<u>(172,440)</u>	<u>(172,440)</u>
		<u>2,634</u>	<u>1,759</u>
		<u>10,112</u>	<u>22,834</u>
9	SHORT-TERM INVESTMENTS		
	Held to maturity		
	Fund placements	57,500	159,000
	Held for trading		
	Pakistan Investment Bonds	43,517	44,188
	Market treasury bills	<u>1,223,934</u>	<u>1,111,777</u>
		1,267,451	1,155,965
	Available for sale		
	Term finance certificates	1,869,356	2,037,636
	Mutual fund units / certificates	112,002	22,234
	Listed shares	<u>743,628</u>	<u>274,419</u>
		<u>2,724,986</u>	<u>2,334,289</u>
		4,049,937	3,649,254
	Impairment loss on fund placement and debt security	<u>(100,731)</u>	<u>(100,731)</u>
		<u>3,949,206</u>	<u>3,548,523</u>

9.1 In accordance with the requirements of NBFCs Regulations, the Bank has invested Rs.597.40 million (2010: Rs.651.400 million) (representing 15 percent of the funds raised through issue of certificates of deposit by the Bank excluding certificates of deposit held by financial institutions) in Pakistan Investment Bonds and Market Treasury Bills.

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

	Note	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
		-----Rupees in '000-----	
10 DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES			
Deposit			
Short-term deposit		50,184	20,000
Prepayments			
Rent		9,568	10,625
Others		5,977	1,618
Other receivables - net			
Secured - considered good			
Assets repossessed in respect of terminated lease contracts		2,092	2,092
Excise duty paid on behalf of customers		4,471	4,471
Dividend receivable		22,608	-
Balances due from related parties:			
Packages Limited		273	273
IGI Funds Limited		535	-
IGI Finex Limited		2,118	-
Staff Provident Fund		-	-
Staff Gratuity Scheme		1,894	254
		4,820	527
Receivable against sale of securities		24,208	1,221
Accrued commission / fee income	10.1	7,586	4,945
Fair value of derivative financial instruments		5,963	5,263
Others		18,611	4,299
Unsecured and considered doubtful			
Receivable from lessees in satisfaction of claims		18,785	18,527
		174,873	73,588
Less: Provision against bad and doubtful receivables		(18,785)	(18,527)
		156,088	55,061
10.1	This includes commission aggregating to Rs.1.901 million (2010: Rs. 1.915 million) due from IGI Securities Limited, IGI Funds Limited, IGI Insurance Limited, Packages Limited and Nestle Pakistan Limited (related parties).		
11 DEFICIT ON REVALUATION OF INVESTMENTS - NET			
Government securities		(5,468)	(4,188)
Listed and unlisted term finance certificates		(62,569)	(33,160)
Units of open end mutual fund		(1,922)	(2,766)
Listed shares and certificates		(11,540)	(11,925)
Fair value of derivative financial instruments		5,958	5,263
		(75,541)	(46,776)
Impairment losses on investment classified as 'available-for-sale' - transferred to profit and loss account		-	-
		(75,541)	(46,776)
Related deferred tax asset - net		9,471	9,471
		(66,070)	(37,305)

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

For the Quarter Ended September 30, 2010

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
Note	-----Rupees in '000-----	
12 LONG-TERM FINANCE		
Secured		
Local currency - banking companies	12.1 316,667	316,667
Less: Current maturity of long-term finance	<u>(166,667)</u>	<u>(166,667)</u>
	<u>150,000</u>	<u>150,000</u>
12.1 These are secured against first pari passu charge on all present and future assets and receivables of the Bank. These are repayable latest by October 28, 2010.		
13 CERTIFICATES OF DEPOSIT		
Long-term		
For one year or more	13.1 553,618	616,607
Less: Current maturity	<u>(294,043)</u>	<u>(344,898)</u>
	<u>259,575</u>	<u>271,709</u>
Short-term	13.2 & 13.3 <u>3,398,023</u>	<u>3,265,344</u>
13.1 These certificates of deposit have contractual maturities ranging from 1 to 8 years (2010: 1 to 8 years) from the contract date. Expected rates of return payable on these certificates ranges from 9.75% to 20% (2010: 9.75% to 20%) per annum.		
13.2 These certificates of deposit have contractual maturities ranging from 1 to 12 months (2010: 1 to 12 months) from the contract date. Expected rates of return payable on these certificates of deposit are 10.15% to 14.85% (2010: 10.15% to 14.85%) per annum.		
13.3 Included herein is a sum of Rs.1.216 million (June 30, 2010: Rs.1.093 million) due to related parties.		
	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
Note	-----Rupees in '000-----	
14 CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Current maturity of redeemable capital	62,442	124,950
Current maturity of long-term finance	166,667	166,667
Current maturity of long-term certificates of deposit	294,043	344,898
Current maturity of deposits under lease contracts	<u>317,009</u>	<u>299,086</u>
	<u>840,161</u>	<u>935,601</u>
15 BORROWING FROM FINANCIAL INSTITUTIONS		
Secured		
Running finance utilized under mark-up arrangement	299,699	149,710
Securities sold under repurchase agreement	15.1 <u>1,481,196</u>	<u>1,341,979</u>
	1,780,895	1,491,689
Unsecured borrowings	15.2 -	100,000
	<u>1,780,895</u>	<u>1,591,689</u>

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

For the Quarter Ended September 30, 2010

15.1 These carry mark-up at the rate ranging from 12.10% to 12.90% (2010: 12.10% to 12.50%) per annum and are repayable latest by October 19, 2010.

15.2 These carry mark-up at the rate of 0% (2010: 12.35%) per annum.

16 CONTINGENCIES AND COMMITMENTS

There has been no change in the status of contingencies as disclosed in last annual audited financial statements June 30, 2010.

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
-----Rupees in '000-----		
16.1 Claims not acknowledged as debts	<u>152,443</u>	<u>152,443</u>
16.2 Commitments		
Commitments in respect of forward sale of shares	<u>562,116</u>	<u>155,806</u>
Commitments in respect of forward purchase of shares	<u>264</u>	<u>20,760</u>
-----Rupees in '000-----		
	September 30, 2010 (Un-Audited)	September 30, 2009 (Un-Audited)
17 INCOME FROM INVESTMENTS	-----Rupees in '000-----	
Interest / mark-up / profit on investments	108,656	73,951
Gain on disposal of investments	36,851	49,231
Dividend income	<u>24,385</u>	<u>2,512</u>
	<u>169,892</u>	<u>125,694</u>

18 NON DISCRETIONARY PORTFOLIO

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

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
----- Number -----		
Number of clients	<u>5</u>	<u>5</u>
-----Rupees in '000-----		
Cost	<u>96,766</u>	<u>66,302</u>
Market value	<u>95,871</u>	<u>65,943</u>

18.1 The fee earned on these services during the year amounted to Rs.0.018 million (2010: Rs.0.046 million).

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

For the Quarter Ended September 30, 2010

19 TRANSACTIONS WITH RELATED PARTIES

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

Description	Quarter ended September 30, 2010			Total
	Subsidiaries	Other related parties	Key management personnel	
----- (Rupees in '000) -----				
Transactions during the period				
Certificates of deposit issued	-	1,615,789	59,157	1,674,946
Certificates of deposit matured	-	436,200	44,040	480,240
Insurance premium paid	-	1,672	-	1,672
Sale of fixed assets	-	32	-	32
Lendings - secured	2,201,000	-	-	2,201,000
Repayment of secured lending	2,031,000	-	-	2,031,000
Purchase of marketable securities	2,272,097	-	-	2,272,097
Sale of marketable securities	2,864,480	-	-	2,864,480
Investment in mutual fund units	-	72,665	-	72,665
Redemption of mutual fund units	-	324,960	-	324,960
Income from loans and finances	-	-	67	67
Income from lendings - secured	5,171	-	-	5,171
Brokerage, commission and fees paid	2,366	-	-	2,366
Return on certificates of deposit	-	7,910	403	8,313
Rent expense	-	3,870	-	3,870
Reimbursement of rent	150	-	-	150
Short-term deposit	29,000	-	-	29,000
Reimbursement of subscription expense	412	-	-	412
Traveling and lodging	-	-	219	219
Charge for the year in respect of employee benefit and contribution plan	-	1,741	-	1,741
Remuneration to key management personnel	-	-	13,478	13,478

Description	Quarter ended September 30, 2009			Total
	Subsidiaries	Other related parties	Key management personnel	
----- (Rupees in '000) -----				
Transactions during the period				
Certificates of deposit issued	615,000	206,969	3,064	825,033
Certificates of deposit matured	410,000	107,259	855	518,114
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	-	1,450,000	-	1,450,000
Lendings - secured	334,100	-	-	334,100
Income from lendings - secured	411	-	-	411
Reimbursement of rent	6,095	290	-	6,385
Income from loans and finances	-	-	77	77
Brokerage, commission and fees paid	247	-	-	247
Return on certificates of deposit	3,958	1,218	8	5,184
Rent expense	6	3,364	-	3,370
Traveling and lodging	-	-	512	512
Investment in mutual fund units	-	1,399,700	-	1,399,700
Reimbursement of subscription expense	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, 2010

20 SEGMENTAL ANALYSIS

The 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 the Bank's liquidity.

	Quarter ended September 30, 2010		
	Financing activities	Investing activities	Total
	----- (Rupees in '000) -----		
Income from investments	-	169,892	169,892
Income from loans and advances	18,969	-	18,969
Income from lease finance	23,381	-	23,381
Income from lendings	-	20,158	20,158
Income from fees, commission and brokerage	-	4,402	4,402
Total income for reportable segments	42,350	194,452	236,802
Finance costs	(31,492)	(153,058)	(184,550)
Administrative and general expenses (excluding depreciation and amortisation)	(10,777)	(646)	(11,423)
Depreciation and amortisation	(1,045)	(4,797)	(5,842)
Provision for bad and doubtful debts (general and specific) - net	-	-	-
Provision against other assets	(258)	-	(258)
Segment result	(1,222)	35,951	34,729
Other operating income			4,498
Unallocated administrative expenses			(27,484)
Other operating expenses			(1,254)
Profit before taxation			10,489
Segment assets	<u>1,442,759</u>	<u>6,276,103</u>	7,718,862
Unallocated assets			734,507
			<u>8,453,369</u>
Segment liabilities	<u>1,341,811</u>	<u>5,262,651</u>	6,604,462
Unallocated liabilities			236,190
			<u>6,840,652</u>
Capital expenditure - tangible	<u>1,479</u>	<u>6,790</u>	<u>8,269</u>
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Condensed Interim Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

	Quarter ended September 30, 2009		
	Financing activities	Investing activities	Total
	----- (Rupees in '000) -----		
Income from investments	-	125,694	125,694
Income from loans and advances	20,951	-	20,951
Income from lease finance	44,151	-	44,151
Income from lendings	-	10,529	10,529
Income from fees, commission and brokerage	-	4,908	4,908
Total income for reportable segments	65,102	141,131	206,233
Finance costs	(59,021)	(97,648)	(156,669)
Administrative and general expenses (excluding depreciation and amortisation)	(3,412)	(3,096)	(6,508)
Depreciation and amortisation	(2,064)	(4,474)	(6,538)
Provision for bad and doubtful debts (general and specific) - net	(7,931)	-	(7,931)
Provision against other assets	(99)	-	(99)
Segment result	<u>(7,425)</u>	<u>35,913</u>	28,488
Other operating income			5,008
Unallocated administrative expenses			(28,987)
Other operating expenses			(869)
Profit before taxation			<u>3,640</u>
Segment assets	<u>2,302,134</u>	<u>4,141,507</u>	6,443,641
Unallocated assets			510,654
			<u>6,954,295</u>
Segment liabilities	<u>2,187,880</u>	<u>2,885,407</u>	5,073,287
Unallocated liabilities			30,402
			<u>5,103,689</u>
Capital expenditure - tangible	<u>7</u>	<u>15</u>	<u>22</u>
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>-</u>

21. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on October 18, 2010 by the Board of Directors of IGI Investment Bank Limited.

22. GENERAL

Figures have been rounded off to the nearest thousand rupees.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Consolidated Financial Statements
For the Quarter Ended September 30, 2010

Consolidated Balance Sheet (Un-audited)

As at September 30, 2010

	Note	Sep 30, 2010 (Un-Audited)	Jun 30, 2010 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Fixed assets	5	193,499	194,547
Long-term investments	6	22,932	22,932
Investment in associates	7	743,251	837,704
Long-term loans and advances - net		226,816	204,795
Net investment in finance lease	8	288,855	369,706
Long-term deposits and other receivables		10,480	10,730
Receivable from funds		5,024	4,575
Deferred tax asset - net		465,649	466,172
		1,956,506	2,111,161
Current assets			
Current maturity of non-current assets	9	837,139	949,108
Short-term loans and advances - net	10	10,112	23,347
Lendings - secured		542,147	600,391
Short-term investments	11	3,958,470	3,568,972
Taxation - net		274,922	273,182
Deposit, Prepayments and Other Receivable	12	216,050	143,333
Interest, mark-up and profit accrued		88,997	88,859
Trade debts - net		2,055,649	568,934
Cash and bank balances		264,460	216,618
		8,247,946	6,432,744
TOTAL ASSETS		10,204,452	8,543,905
EQUITY & LIABILITIES			
Capital and reserves			
Share Capital		2,121,025	2,121,025
Reserves		115,145	115,145
Accumulated Losses		(806,050)	(824,895)
		1,430,120	1,411,275
Minority Interest		45	45
		1,430,165	1,411,320
Deficit on revaluation of investments - net of tax	13	(66,091)	(38,141)
Non-current liabilities			
Redeemable capital		62,133	62,133
Long-term finance	14	150,000	150,000
Long-term certificates of deposit	15	259,575	271,709
Long term deposits on lease contracts		95,519	133,801
Liabilities against assets subject to finance lease		-	635
		567,227	618,278
Current liabilities			
Current maturity of non-current liabilities	16	840,161	935,903
Short-term certificates of deposit	15	3,398,023	3,265,344
Borrowings from financial institutions	17	2,512,241	1,889,999
Interest and mark-up accrued		211,822	168,009
Accrued expenses and other liabilities		1,310,904	293,193
		8,273,151	6,552,448
Contingencies and Commitments	18		
TOTAL EQUITY AND LIABILITIES		10,204,452	8,543,905

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

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

Consolidated Profit and Loss Account (Un-audited)
For the Quarter Ended September 30, 2010

	Note	Quarter ended	
		Sep 30, 2010	Sep 30, 2009
----- (Rupees in '000) -----			
INCOME			
Income from investments	19	170,729	105,154
Income from loans		18,969	20,951
Income from lease finance		23,381	44,151
Income from lendings and continuous funding system transactions		20,411	11,306
Remuneration from funds under management		16,171	8,513
Income from fees, commission and brokerage		25,191	40,951
		<u>274,852</u>	<u>231,026</u>
Finance costs		<u>200,657</u>	<u>156,534</u>
		74,195	74,492
Administrative and general expenses		<u>93,858</u>	<u>100,374</u>
		(19,663)	(25,882)
Other operating income		<u>27,036</u>	<u>6,845</u>
		7,373	(19,037)
Other operating expenses		<u>1,765</u>	<u>1,244</u>
Operating profit / (loss) before provisions		<u>5,608</u>	<u>(20,281)</u>
Provision for bad and doubtful loans / potential lease losses - general - net		-	-
Provision for bad and doubtful loans / lease losses - specific - net		-	(7,931)
		-	(7,931)
Share of profit in associates		<u>16,026</u>	<u>8,332</u>
Profit / (loss) before taxation		<u>21,634</u>	<u>(19,880)</u>
Taxation - net		<u>(2,789)</u>	<u>(3,164)</u>
Profit / (loss) after taxation		<u>18,845</u>	<u>(23,044)</u>
Other comprehensive income - net of tax		-	-
Total comprehensive income / (loss) - net of tax		<u>18,845</u>	<u>(23,044)</u>
Comprehensive income / (loss) attributable to minority interest		-	1
Comprehensive income / (loss) attributable to shareholders		<u>18,845</u>	<u>(23,045)</u>
Earning / (loss) per share		<u>0.09</u>	<u>(0.11)</u>

The annexed notes from 1 to 24 form an integral part of these consolidated 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, 2010

	Quarter ended	
	Sep 30, 2010	Sep 30, 2009
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the period before taxation	21,634	(19,880)
Adjustments for non-cash and other items:		
Gain on disposal of fixed assets	(643)	(1,893)
Gain on sale of investments	(757)	-
Depreciation on property and equipment	8,958	10,565
Amortization of intangible assets	1,208	1,051
Amortization of transaction cost on TFCs	85	188
(Reversal) / provision of staff gratuity scheme	740	293
Interest, mark-up and profit income	(174,563)	(129,782)
Dividend income	(24,385)	(2,512)
Finance cost	205,892	160,903
Share of profit in associates	(16,026)	(8,332)
Provision for bad and doubtful loans and advances / lease losses - specific - net	-	7,931
	509	38,412
	22,143	18,532
(Increase) / decrease in current assets:		
Short-term loans	12,104	77,900
Lendings - secured	53,244	(21,600)
Short-term investments	(429,448)	(880,241)
Trade debts	(1,486,716)	(218,303)
Accrued mark-up	(1,330)	-
Advances, deposits, prepayments and other receivables	(53,684)	(8,040)
	(1,905,830)	(1,050,284)
Increase / (decrease) in current liabilities:		
Short-term certificates of deposit	132,679	461,047
Borrowings from financial institutions	39,217	394,721
Accrued expenses and other liabilities	1,260,567	264,149
	1,432,463	1,119,917
Cash generated (used in) / from operations	(451,225)	88,165
Repayment / (disbursements) of long-term loans - net	33,577	90,689
Net recovery from finance lease	138,509	134,256
Long-term deposits and other receivables	95	1,452
Disbursements / (Repayments) of long-term certificates of deposit	(62,989)	10,974
Payments of deposits under lease contracts	(20,359)	(13,287)
Interest, mark-up and profit received	177,103	146,631
Dividend received	1,777	1,075
Financial cost paid	(162,016)	(132,450)
Income tax paid	(4,006)	(5,683)
Net cash generated from operating activities	101,691	233,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(12,107)	(3,421)
Long-term investments made / (disposed)	-	86,149
Proceeds from disposal of fixed assets	3,633	3,852
Long-term loans and advances	102	(1,463)
Proceeds from sale of investments	126,924	-
Interest paid	(762)	-
Net cash inflow from investing activities	117,790	85,117
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal redemption of term finance certificates	(62,593)	(62,602)
Long-term finance - net repaid	-	(62,500)
Lease Rentals paid	(846)	(160)
Net cash outflow from financing activities	(63,439)	(125,262)
Net decrease in cash and cash equivalents	(295,183)	281,677
Cash and cash equivalents at the beginning of the period	(231,402)	(351,517)
Cash and cash equivalents at the end of the period	(526,585)	(69,840)
Cash and cash equivalents at the end of the period		
Cash and bank balances	264,460	154,328
Short-term finance	(791,045)	(224,168)
	(526,585)	(69,840)

The annexed notes from 1 to 24 form an integral part of these consolidated 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, 2010

	Issued, subscribed and paid-up capital	Reserve arising on acquisition of minority interest- Capital reserve	Statutory Reserve	General Reserve	Accumulated Profit/ (losses)	Total Reserves	Minority Interest	Total
(Rupees in '000)								
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 non-controlling Interest	-	-	-	-	(1)	(1)	1	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive Loss	-	-	-	-	(23,045)	(23,045)	1	(23,044)
Balance as at September 30, 2009	<u>2,121,025</u>	<u>(21,686)</u>	<u>97,098</u>	<u>39,733</u>	<u>(657,032)</u>	<u>(541,887)</u>	<u>46</u>	<u>1,579,184</u>
Balance as at June 30, 2010	2,121,025	(21,686)	97,098	39,733	(824,895)	(709,750)	45	1,411,320
Profit after taxation for the Quarter	-	-	-	-	18,845	18,845	-	18,845
Profit attributable to non-controlling Interest	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	18,845	18,845	-	18,845
Balance as at September 30, 2010	<u>2,121,025</u>	<u>(21,686)</u>	<u>97,098</u>	<u>39,733</u>	<u>(806,050)</u>	<u>(690,905)</u>	<u>45</u>	<u>1,430,165</u>

The annexed notes from 1 to 24 form an integral part of these consolidated 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, 2010

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

Holding company
- IGI Investment Bank Limited ("IGI BANK")

**Percentage holding of
IGI Investment Bank Limited**

Subsidiary companies

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

IGI Investment Bank Limited

IGI Investment Bank Limited (the Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The Bank is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations). The Bank's shares are quoted on all three Stock Exchanges. The registered office of the Bank is situated at 5 F.C.C., Syed Maratib Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, The Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial statements of the Bank for the year ended June 30, 2009, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the 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 Limited 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.

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.

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

For the Quarter Ended September 30, 2010

- 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, 2010 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 which 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, 2010

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
	------(Rupees in '000)-----	
5 FIXED ASSETS		
Property and equipment - owned	108,199	107,701
Property and equipment - leased	1,414	1,414
Intangible assets	82,464	84,010
Capital work-in-progress	1,422	1,422
	<u>193,499</u>	<u>194,547</u>
6 LONG-TERM INVESTMENTS		
Available for sale		
Investment in unquoted companies - at cost	<u>22,932</u>	<u>22,932</u>
7 INVESTMENTS IN ASSOCIATES		
7.1 Movement of investment in associates		
Opening balance	697,574	510,077
Net disposals made during the year	(110,479)	187,497
Total acquisition at cost	587,095	697,574
Post acquisition share of associates profit	156,156	140,130
	<u>743,251</u>	<u>837,704</u>
7.2 Investment in associate companies - related party		
IGI Stock Fund	271,365	271,365
IGI Income Fund	214,730	276,209
IGI Money Market Fund	50,000	100,000
IGI Islamic Income Fund	51,000	50,000
	<u>587,095</u>	<u>697,574</u>
8 NET INVESTMENT IN FINANCE LEASE		
Lease rental receivables	827,999	982,819
Add: Residual value	416,119	436,700
	<u>1,244,118</u>	<u>1,419,519</u>
Less: Unearned finance income	(36,503)	(64,811)
	<u>1,207,615</u>	<u>1,354,708</u>
Less: provision for lease losses	(207,890)	(216,474)
	<u>999,725</u>	<u>1,138,234</u>
Less: Current maturity of net investment in finance lease	(710,870)	(768,528)
	<u>288,855</u>	<u>369,706</u>

Notes to the Condensed Consolidated Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
Note	----- (Rupees in '000) -----	
9 CURRENT MATURITY OF NON-CURRENT ASSETS		
Current maturity of long-term loans and advances - net	122,642	178,743
Current maturity of net investment in finance lease	710,870	768,528
Current maturity of receivable from funds	3,628	1,837
	837,139	949,108
10 SHORT-TERM LOANS AND ADVANCES		
Considered good		
Short term loans and advances	7,478	21,588
Considered doubtful		
Short term loans and advances	175,074	174,199
Less: provision thereagainst	(172,440)	(172,440)
	2,634	1,759
	10,112	23,347
11 SHORT-TERM INVESTMENTS		
Held to maturity		
Fund placements	57,500	159,000
Held for trading		
Government securities	1,267,451	1,155,965
Listed shares	7,047	8,130
Listed term finance certificates	2,217	2,238
Units of open end mutual funds	-	10,081
	1,276,715	1,176,414
Available for sale		
Term finance certificates	1,869,356	2,037,636
Units of open end mutual funds	112,002	22,234
Listed shares	743,628	274,419
	2,724,986	2,334,289
	4,059,201	3,669,703
Impairment loss on fund placement and debt security	(100,731)	(100,731)
	3,958,470	3,568,972

11.1 In accordance with the requirements of NBFC Regulations, the Bank has invested Rs.597.40 million (2010: Rs.651.400 million) (representing 15 percent of the funds raised through issue of certificates of deposit by the Bank excluding certificates of deposit held by financial institutions) in Pakistan Investment Bonds and Market Treasury Bills.

Notes To The Condensed Consolidated Financial Statements (Un-audited)

For the Quarter Ended September 30, 2010

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
	------(Rupees in '000)-----	
12 DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES		
Advance		
Employees	286	169
Deposits		
Receivable from National Commodity Exchange Limited - margin deposit	55,184	25,000
Exposure deposits with Karachi Stock Exchange (Guarantee) Limited	10,109	55,650
Others	2,974	2,974
Prepaid expenses	26,552	20,271
Other receivables - net		
Secured - considered good		
Assets repossessed in respect of terminated lease contracts	2,092	2,092
Excise duty paid on behalf of customers	4,471	4,471
Dividend receivable	22,608	-
Balances due from related parties:		
Packages Limited	273	273
IGI Income Fund	2,347	2,953
IGI Stock Fund	1,165	853
IGI Islamic Income Fund	553	493
IGI Money Market Fund	670	518
IGI Aggressive Income Fund	1,218	-
Staff Gratuity Fund of IGI Bank Limited	1,894	254
	8,120	5,344
Accrued commission / fee income	7,586	4,945
Advance against vehicle	-	1,879
Receivable against sale of securities	24,208	1,221
Fair value of derivative financial instruments	5,963	5,263
Others	45,897	14,054
Unsecured and considered doubtful		
Other receivables	25,583	25,583
Receivable from lessees in satisfaction of claims	18,785	18,527
	44,368	44,110
Less: Provision against bad and doubtful receivables	(44,368)	(44,110)
	<u>216,050</u>	<u>143,333</u>

Notes to the Condensed Consolidated Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

	Note	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
------(Rupees in '000)-----			
13 DEFICIT ON REVALUATION OF INVESTMENTS - NET			
Net deficit on revaluation of:			
- government securities		(5,468)	(4,188)
- listed and unlisted term finance certificates		(62,590)	(33,140)
- units of open end mutual fund		(1,922)	(2,685)
- listed shares and certificates		(11,540)	(12,862)
- fair value of derivative financial instruments		5,958	5,263
		<u>(75,562)</u>	<u>(47,612)</u>
Impairment losses on investment classified as 'available-for-sale' - transferred to profit and loss account		-	-
		<u>(75,562)</u>	<u>(47,612)</u>
Related deferred tax asset - net		9,471	9,471
Non-controlling interest thereon		-	-
		<u>(66,091)</u>	<u>(38,141)</u>
14 LONG-TERM FINANCE			
Secured			
Local currency - banking companies	14.1	316,667	316,667
Less: Current maturity of long-term finance		(166,667)	(166,667)
		<u>150,000</u>	<u>150,000</u>
14.1 These are secured against first pari passu charge on all present and future assets and receivables of the Bank. These are repayable latest by October 28, 2010.			
		September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
	Note	------(Rupees in '000)-----	
15 CERTIFICATES OF DEPOSIT			
Long-term			
For one year or more	15.1	553,618	616,607
Less: Current maturity		(294,043)	(344,898)
		<u>259,575</u>	<u>271,709</u>
Short-term	15.2 & 15.3	<u>3,398,023</u>	<u>3,265,344</u>
15.1 These certificates of deposit have contractual maturities ranging from 1 to 8 years (2010: 1 to 8 years) from the contract date. Expected rates of return payable on these certificates ranges from 9.75% to 20% (2010: 9.75% to 20%) per annum.			
15.2 These certificates of deposit have contractual maturities ranging from 1 to 12 months (2010: 1 to 12 months) from the contract date. Expected rates of return payable on these certificates of deposit are 10.15% to 14.85% (2010: 10.15% to 14.85%) per annum.			
15.3 Included herein is a sum of Rs.1.216 million(June 30, 2010: Rs.1.093 million) due to related parties.			

Notes To The Condensed Consolidated Financial Statements (Un-audited)

For the Quarter Ended September 30, 2010

	Note	September 30, 2010 (Un-Audited) ------(Rupees in '000)-----	June 30, 2010 (Audited)
16 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of redeemable capital		62,442	124,950
Current maturity of long-term finance		166,667	166,667
Current maturity of long-term certificates of deposit		294,043	344,898
Current maturity of deposits under lease contracts		317,009	299,086
Current maturity of liabilities against asset subject to finance lease		-	302
		<u>840,161</u>	<u>935,903</u>
17 BORROWING FROM FINANCIAL INSTITUTIONS			
Secured			
Running finance utilized under mark-up arrangement		791,045	448,020
Securities sold under repurchase agreement - secured	17.1	1,721,196	1,341,979
Unsecured borrowings	17.2	-	100,000
		<u>2,512,241</u>	<u>1,889,999</u>
17.1	These carry mark-up at the rate ranging from 12.10% to 14.00% (2010: 12.10% to 12.50%) per annum and are repayable latest by October 07, 2010.		
17.2	These carry mark-up at the rate of 0% (2010: 12.35%) per annum.		
18 CONTINGENCIES & COMMITMENTS			
There has been no change in the status of contingencies as disclosed in last annual audited financial statements June 30, 2010.			
		September 30, 2010 (Un-Audited) ------(Rupees in '000)-----	June 30, 2010 (Audited)
18.1 Claims not acknowledged as debts		<u>152,443</u>	<u>152,443</u>
18.2 Commitments			
Commitments in respect of forward sale of shares		<u>562,116</u>	<u>155,806</u>
Commitments in respect of forward purchase of shares		<u>264</u>	<u>20,760</u>
		September 30, 2010 (Un-Audited) ------(Rupees in '000)-----	September 30, 2009 (Un-Audited)
19 INCOME FROM INVESTMENTS			
Interest / mark-up / profit on investments		108,735	75,721
Gain on disposal of investments		37,608	26,921
Dividend income		24,386	2,512
		<u>170,729</u>	<u>105,154</u>

Notes to the Condensed Consolidated Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

20 NON DISCRETIONARY PORTFOLIO

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

	September 30, 2010 (Un-Audited)	June 30, 2010 (Audited)
	-----Number-----	
Number of clients	<u>5</u>	<u>5</u>
	----- (Rupees in '000) -----	
Cost	<u>96,766</u>	<u>66,302</u>
Market value	<u>95,871</u>	<u>65,943</u>

20.1 The fee earned on these services during the year amounted to Rs.0.018 million (2010: Rs.0.046 million).

21 TRANSACTIONS WITH RELATED PARTIES

	Quarter Ended September 30, 2010		
	Other related parties including associated undertakings	Key Management personnel	Total
Description	----- (Rupees in '000) -----		
Transactions during the year			
Certificate of deposits issued	1,615,789	59,157	1,674,946
Certificates of deposit matured	436,200	44,040	480,240
Insurance premium paid	2,022	-	2,022
Sale of fixed assets	32	-	32
Purchase of marketable securities through IGI Finex	37,297	10,398	47,695
Sale of marketable securities through IGI Finex	12,801	952	13,753
Income from loan & finance	-	67	67
Brokerage, commission and fee earned	107	13	120
Investment in mutual fund units	78,607	-	78,607
Redemption of mutual fund units	328,560	-	328,560
Return on certificate of deposits	7,910	403	8,313
Rent expense	3,870	-	3,870
Traveling and lodging	-	219	219
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund & IGI Aggressive Income Fund	15,704	-	15,704
Initial and annual Listing fee received on behalf of IGI Money Market Fund	95	-	95
Sales load- IGI Stock Fund	534	-	534
Printing charges paid on behalf of IGI Stock Fund	22	-	22
Expenses relating to employees benefit and contribution plan	2,034	-	2,034
Remuneration to key management personnel	-	13,478	13,478

Notes to the Condensed Consolidated Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

Description	Quarter Ended September 30, 2009		
	Other related parties including associated undertakings	Key Management personnel	Total
------(Rupees in '000)-----			
Transactions during the year			
Certificate of deposits issued	1,255,914	-	1,255,914
Certificates of deposit matured	516,404	-	516,404
Purchase of marketable securities through IGI Finex	222,643	2,310	224,953
Sale of marketable securities through IGI Finex	659,876	2,310	662,186
Insurance premium paid	3,112	-	3,112
Brokerage, commission and fee earned	965	112	1,077
Finance provided	-	35	35
Income from loan & finance	-	6	6
Return on certificate of deposits	13,395	-	13,395
Rent expense	9,824	-	9,824
Expenses relating to employees benefit and contribution plan	6,865	-	6,865
Expenses incurred by IGI Insurance Limited on behalf of IGI Fund	4,130	-	4,130
Remuneration from IGI Income Fund & IGI Stock Fund	16,907	-	16,907
Purchase of units of IGI Income Fund	1,500	-	1,500
Sale of units of IGI Income Fund	58,000	-	58,000
Sale load from IGI Stock Fund	14	-	14
Formation cost paid on behalf of IGI Stock Fund	8	-	8
Remuneration to key management personnel	-	42,470	42,470
Legal charges paid on behalf IGI Islamic Fund & IGI Pak Brunei Fund	128	-	128
Printing charges on behalf of IGI Islamic Fund	92	-	92
Security deposit on behalf of IGI Stock Fund	100	-	100
Authorization fee paid IGI Islamic Funds & IGI Pak Brunei Fund	2,000	-	2,000

22 SEGMENTAL ANALYSIS

The Group's activities are broadly categorized 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.

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

For the Quarter Ended September 30, 2010

Asset management services activities

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

	Quarter Ended September 30, 2010				
	Financing activities	Investing activities	Brokerage Activities	Asset Management	Total
	----- (Rupees in '000) -----				
Income from investments	-	185,918	722	114	186,754
Income from loans	18,969	-	-	-	18,969
Income from lease finance	23,381	-	-	-	23,381
Income from lendings	-	14,987	5,424	-	20,411
Remuneration from funds under management	-	-	-	16,171	16,171
Income from fees, commission and brokerage	-	4,402	20,104	685	25,191
Total income for reportable segments	42,350	205,307	26,250	16,970	290,877
Finance costs	(31,492)	(153,058)	(16,106)	(1)	(200,657)
Administrative and general expenses (excluding depreciation and amortisation)	(10,777)	(646)	(19,303)	(7,607)	(38,333)
Depreciation and amortisation	(1,045)	(4,797)	(3,534)	(790)	(10,166)
Provision for bad and doubtful debts (general & specific)	-	-	-	-	-
Provision against other assets	(258)	-	-	-	(258)
Segment result	(1,222)	46,806	(12,693)	8,572	41,463
Other operating income					27,036
Unallocated administrative expenses					(45,358)
Unallocated other operating expenses					(1,507)
Loss before Taxation					21,634
Segment assets	1,444,728	5,494,775	129,570	82,896	7,151,969
Unallocated assets					3,052,483
					10,204,452
Segment liabilities	2,247,582	5,178,918	901,346	6,467	8,334,313
Unallocated liabilities					506,065
					8,840,378
Capital expenditure - tangible	1,479	6,790	1,853	1,920	12,042
Capital expenditure - intangible	-	-	65	-	65

Notes to the Condensed Consolidated Financial Statements (Un-audited)
For the Quarter Ended September 30, 2010

	Quarter Ended September 30, 2009				
	Financing activities	Investing activities	Brokerage Activities	Asset Management	Total
	(Rupees in '000)				
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 CFS 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
Total income for reportable segments	<u>65,102</u>	<u>118,270</u>	<u>37,524</u>	<u>10,130</u>	<u>231,026</u>
Finance costs	(57,530)	(95,181)	(3,759)	(64)	(156,534)
Administrative and general expenses (excluding depreciation and amortisation)	(3,412)	(3,096)	(20,191)	(5,867)	(32,566)
Depreciation and amortisation	(2,064)	(4,474)	(4,065)	(1,164)	(11,767)
Provision for bad and doubtful debts (general & specific)	(7,931)	-	-	-	(7,931)
Provision against other assets	(99)	-	-	-	(99)
Segment result	<u>(5,934)</u>	<u>15,519</u>	<u>9,509</u>	<u>3,035</u>	<u>22,129</u>
Other operating income					15,177
Unallocated administrative expenses					(56,041)
Unallocated other operating expenses					(1,145)
Loss before Taxation					<u>(19,880)</u>
Segment assets	<u>2,310,657</u>	<u>3,182,843</u>	<u>597,639</u>	<u>92,290</u>	6,183,429
Unallocated assets					853,826
					<u>7,037,255</u>
Segment liabilities	<u>2,187,880</u>	<u>2,885,407</u>	<u>177,880</u>	<u>1,818</u>	5,252,985
Unallocated liabilities					224,972
					<u>5,477,957</u>
Capital expenditure - tangible	<u>8</u>	<u>14</u>	<u>1,834</u>	<u>226</u>	2,082
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>1,339</u>	<u>-</u>	1,339

23 DATE OF AUTHORIZATION OF ISSUE

These consolidated financial statements were authorized for issue on October 18, 2010 by the Board of Directors of IGI Investment Bank Limited.

24 GENERAL

Figures have been rounded off to the nearest thousand rupees.

SYED BABAR ALI
Chairman

S. JAVED HASSAN
Managing Director & Chief Executive

IGI
Investment Bank

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