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COMPANY INFORMATION

Borad of Directors

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

Audit Committee

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

H.R&R Committee

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

Auditors

M/s. A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

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

Bankers

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

Shares Registrar

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

Lahore Registered Office

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

Karachi Office

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

Islamabad Office

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

UAN

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

Website

www.igiinvestmentbank.com.pk

Email

contact.center@igi.com.pk

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of IGI Investment Bank Limited is pleased to submit the un-audited condensed interim consolidated and standalone financial statements for the quarter ended September 30, 2014.

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

Financial Summary

Consolidated Results

	Rupees in thousands	
	September 30, 2014	September 30, 2013
Gross Revenue	40,224	28,753
Profit / (loss) for the quarter before taxation from continuing operations	13,135	(90,347)
Taxation – net	(343)	(580)
Profit / (loss) for the quarter after taxation	12,792	(89,556)
Earnings / (loss) per share (In Rupee)	0.06	(0.43)
	September 30, 2014	June 30, 2014
Total Assets	1,342,373	1,393,475

Standalone Results

	Rupees in thousands	
	September 30, 2014	September 30, 2013
Gross Revenue	27,636	12,996
Profit / (loss) for the quarter before taxation	19,734	(97,779)
Taxation – net	(128)	(137)
Profit / (loss) for the quarter after taxation	19,606	(97,916)
Earnings / (loss) per share (In Rupee)	0.09	(0.46)
	September 30, 2014	June 30, 2014
Total Assets	770,494	789,186

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

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at period ended September 30, 2014, the Investment Bank has accumulated losses amounted to Rs.2,206.471 million (June 30, 2014: Rs.2,226.077 million). Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. As per the said Regulations, the minimum equity required is Rs.1,700 million as at September 30, 2014, however, the equity of the Investment Bank at the period-end amounted to Rs.51.385 million (June 30, 2014: Rs.31.779 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending renewal by the SECP. Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

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

- The management of the Investment Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator;
- The Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;
- The management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at September 30, 2014, the outstanding loans and leases aggregate to Rs.656.796 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing year; and
- The sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

Material Information

The Board of Directors of the Investment Bank has approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary with and into the Investment Bank. It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services. Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

Acknowledgement

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

For & on behalf of the Board

Chief Executive Officer

Director

Date: October 24, 2014.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

	(Un-audited) September 30, 2014	(Audited) June 30, 2014
ASSETS	----- (Rupees in '000) -----	
Non-current assets	Note	
Fixed assets	5	40,520
Investment property		13,067
Long-term investments	6	65,141
Long-term deposits		9,010
Deferred tax asset - net		303,994
		431,732
Current assets		
Current maturity of non-current assets	7	267,811
Short-term loans and advances		2,671
Short-term investments	8	83,429
Trade debts - net		57,169
Deposits, prepayments and other receivables		168,456
Interest, mark-up and profit accrued		3,953
Taxation - net		270,930
Cash and bank balances	9	56,222
		910,641
TOTAL ASSETS		1,342,373
EQUITY & LIABILITIES		
Capital and reserves		
Share capital		2,121,025
Reserves		115,190
Accumulated losses		(2,492,498)
Equity attributable to shareholders		(256,283)
Advance against issue of preference shares		650,000
	10	393,717
Non-controlling interest		-
TOTAL EQUITY		393,717
Deficit on revaluation of investments - net of tax		(55)
		393,662
Non-current liabilities		
Long-term loan	11	285,000
Long-term certificates of deposit	12	130,000
		415,000
Current liabilities		
Current maturity of non-current liabilities	13	232,356
Short-term certificates of deposit		-
Interest and mark-up accrued		16,851
Trade and other payables	14	284,504
		533,711
TOTAL LIABILITIES		727,550
		948,711
Contingencies and commitments	15	
TOTAL EQUITY AND LIABILITIES		1,342,373
		1,393,475

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

	Note	Quarter Ended	
		September 30, 2014	September 30, 2013
----- (Rupees in '000) -----			
Continuing operations			
Income from investments	16	25,267	6,584
Income from loans and advances		202	381
Income from lease finance		990	4,719
Income from fees, commission and brokerage		13,765	17,069
		40,224	28,753
Finance costs		(4,861)	(24,458)
		35,363	4,295
Administrative and general expenses	17	(32,988)	(34,498)
		2,375	(30,203)
Other operating income		6,449	3,616
		8,824	(26,587)
Other operating expenses		(438)	(479)
Operating profit / (loss) before provisions		8,386	(27,066)
Reversal / (provision) for bad and doubtful loans and advances lease losses - specific - net		7,496	(63,281)
Impairment against quoted shares		(2,747)	-
		4,749	(63,281)
Profit / (loss) before taxation		13,135	(90,347)
Taxation -net		(343)	(580)
Profit / (loss) for the period		12,792	(90,927)
Discontinued operations			
Profit after tax from discontinued operations		-	1,371
Profit / (loss) for the period		12,792	(89,556)
Other comprehensive income - net of tax		-	-
Total comprehensive income / (loss) - net of tax		12,792	(89,556)
Gain / (loss) attributable to non-controlling interest		-	-
Profit / (loss) attributable to shareholders		12,792	(89,556)
		12,792	(89,556)
----- (Rupee) -----			
Earnings / (loss) per share		0.06	(0.43)

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter Ended	
	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the period before taxation	13,135	(90,347)
Adjustments for non cash and other items:		
Depreciation on property and equipment and investment property	1,180	2,271
Amortization on intangible assets	115	172
Interest, mark-up and profit income	(1,528)	(10,816)
Finance cost	5,007	26,206
Impairment against listed security	2,747	-
Gain on settlement of investments	(25,267)	(3,296)
(Reversal) / provision for bad and doubtful loans and advances / lease losses - specific - net	(7,496)	63,281
	(25,242)	77,818
	(12,107)	(12,529)
(Increase) / decrease in current assets:		
Short-term loans and advances	(2,114)	(256)
Short-term investments - net	(77,212)	28,036
Trade debts - net	31,029	250,569
Deposits, prepayments and other receivables	63,716	46,629
	15,419	324,978
Increase / (decrease) in current liabilities:		
Trade and other payables	(17,479)	(288,779)
	(14,167)	23,670
Repayment of long-term loans and advances - net	4,248	3,483
Net recovery from finance lease	7,689	18,251
Long-term deposits	194	-
Repayments of certificates of deposit	(47,360)	(107,560)
Payments of deposits under lease contracts	(151)	(5,752)
Interest, mark-up and profit received	293	12,599
Finance cost paid	(1,143)	(28,071)
Income tax paid	(1,404)	(3,261)
Net cash used in operating activities	(37,634)	(110,311)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,019)	(31)
Proceeds of long-term investments	35,377	1,500
Net cash generated from investing activities	32,358	1,469
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net decrease in cash and cash equivalents	(19,443)	(85,172)
Cash and cash equivalents at the beginning of the period	75,665	218,440
Cash and cash equivalents at the end of the period	56,222	133,268
Cash and cash equivalents at the end of the period	56,222	133,268

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Equity attributable to shareholders					Total reserves	Advance against issue of preference shares	Non-controlling interest	Total
	Reserves								
	Capital		Revenue						
	Reserve arising on acquisition of non-controlling interest	Statutory reserve	General reserve	Accumulated profit/(losses)					
Issued, subscribed and paid-up capital									
----- (Rupees in '000) -----									
Balance as at July 01, 2013	2,121,025	(21,641)	97,098	39,733	(2,386,168)	(2,270,978)	650,000	-	500,047
Loss after taxation for the quarter ended September 30, 2013	-	-	-	-	(89,556)	(89,556)	-	-	(89,556)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(89,556)	(89,556)	-	-	(89,556)
Balance as at September 30, 2013	<u>2,121,025</u>	<u>(21,641)</u>	<u>97,098</u>	<u>39,733</u>	<u>(2,475,724)</u>	<u>(2,360,534)</u>	<u>650,000</u>	<u>-</u>	<u>410,491</u>
Balance as at July 01, 2014	2,121,025	(21,641)	97,098	39,733	(2,505,290)	(2,390,100)	650,000	-	380,925
Profit after taxation for the quarter ended September 30, 2014	-	-	-	-	12,792	12,792	-	-	12,792
Profit attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	12,792	12,792	-	-	12,792
Balance as at September 30, 2014	<u>2,121,025</u>	<u>(21,641)</u>	<u>97,098</u>	<u>39,733</u>	<u>(2,492,498)</u>	<u>(2,377,308)</u>	<u>650,000</u>	<u>-</u>	<u>393,717</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

1. THE GROUP AND ITS OPERATIONS

The Group consists of :

Holding company

IGI Investment Bank Limited

Subsidiary company

Percentage holding

IGI Finex Securities Limited

100%

1.1 IGI Investment Bank Limited ("Investment Bank")

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

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

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

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

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at period ended September 30, 2014, the Investment Bank has accumulated losses amounted to Rs.2,206.471 million (June 30, 2014: Rs.2,226.077 million). Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. As per the said Regulations, the minimum equity required is Rs.1,700 million as at September 30, 2014, however, the equity of the Investment Bank at the period-end amounted to Rs.51.385 million (June 30, 2014: Rs.31.779 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the SECP. Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

- the management of the Investment Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator;
- the Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;
- the management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at September 30, 2014, the outstanding loans and leases aggregate to Rs.656.796 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing year; and
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

In addition to the above, the Board of Directors of the Investment Bank has approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary with and into the Investment Bank. It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services. Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

1.2 IGI Finex Securities Limited ("IGI Finex")

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

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

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

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

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

2. BASIS OF PRESENTATION

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

Subsidiary is the entity over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is de-consolidated from the date when control ceases. The assets and liabilities of subsidiary company have been consolidated on a line by line basis based on the un-audited condensed interim consolidated financial statements for the quarter ended September 30, 2014 and the carrying value of investments held by IGI Investment Bank is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements. Intra-Group balances and transactions have been eliminated.

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

3. STATEMENT OF COMPLIANCE

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

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

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

4. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the IGI Investment Bank for the year ended June 30, 2014.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
5. FIXED ASSETS			
Property and equipment	5.1	20,999	19,109
Intangible assets	5.2	19,521	19,636
		40,520	38,745
5.1 PROPERTY AND EQUIPMENT			
Opening written down value		19,109	32,628
Additions		3,019	2,371
Less: Disposals written down value		-	(9,862)
Depreciation for the period / year		(1,129)	(6,028)
Closing written down value		20,999	19,109
5.2 INTANGIBLE ASSETS			
Opening written down value		19,636	20,190
Depreciation for the period / year		(115)	(554)
Closing written down value		19,521	19,636
6. LONG-TERM INVESTMENTS			
Available for sale - at cost:			
Investment in unquoted companies		140,029	150,179
Investment in quoted company	6.1 & 6.2	47,355	47,355
Investment in unquoted preference shares		20,000	20,000
		207,384	217,534
Less: Impairment against investments		(142,243)	(139,496)
		65,141	78,038

6.1 This represents ordinary shares of Agritech Limited are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) between the ANL and various lenders including the Investment Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
7. CURRENT MATURITY OF NON-CURRENT ASSETS	Note		
Current maturity of long-term loans and advances - net		6,570	9,711
Current maturity of net investment in finance lease	7.1	<u>261,241</u>	<u>262,489</u>
		<u>267,811</u>	<u>272,200</u>
7.1	As at September 30, 2014, the Investment Bank's fund based exposure in one party of leases exceeded twenty percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed twenty percent of equity of the NBFC.		
8. SHORT-TERM INVESTMENTS			
Held-for-trading			
Government securities		78,509	-
Available-for-sale			
Listed term finance certificates		58,075	58,075
Unlisted term finance certificates		108,264	108,264
		<u>166,339</u>	<u>166,339</u>
		244,848	166,339
Impairment loss on term finance certificates		<u>(161,419)</u>	<u>(161,419)</u>
		<u>83,429</u>	<u>4,920</u>
8.1	In accordance with the requirements of NBFC Regulations, the Investment Bank should invest atleast 15 percent of the outstanding funds raised through issue of certificates of deposit by the Investment Bank excluding certificates of deposit held by financial institutions in Pakistan Investment Bonds and Market Treasury Bills. However, at the period end, there is Rs. Nil (June 2014: Rs. Nil) investment in Pakistan Investment Bonds and Market Treasury Bills.		
9. CASH AND BANK BALANCES			
In hand		173	130
In current accounts			
State Bank of Pakistan		130	188
Others			
Local currency		8,285	7,196
Foreign currency		1,285	1,285
		9,570	8,481
In saving accounts			
Local currency		<u>46,349</u>	<u>66,866</u>
		<u>56,222</u>	<u>75,665</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	(Un-audited)	(Audited)
	September	June 30,
	30, 2014	2014
	----- (Rupees in '000) -----	
10. CAPITAL AND RESERVES		
Authorized capital		
300,000,000 (June 2014: 300,000,000) ordinary shares of Rs. 10 each	3,000,000	3,000,000
Issued, subscribed and paid-up capital		
190,993,300 (June 2014: 190,993,300) ordinary shares of Rs. 10 each fully paid in cash	1,909,933	1,909,933
21,109,250 (June 2014: 21,109,250) ordinary shares of Rs. 10 each issued as fully paid bonus shares	211,092	211,092
	2,121,025	2,121,025
Reserves		
General	39,733	39,733
Statutory	97,098	97,098
Reserves arising on acquisition of non-controlling interest	(21,641)	(21,641)
	115,190	115,190
Accumulated loss	(2,492,498)	(2,505,290)
Advance against issue of preference shares	650,000	650,000
	393,717	380,925
11. LONG-TERM LOAN		
Unsecured		
Local currency - related party	11.1 285,000	285,000

11.1 During last year, the IGI Investment Bank has received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of IGI Investment Bank. In this connection, IGI Investment Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest / profit / mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of IGI Investment Bank or the board of directors of IGI Investment Bank that would result in change of control of IGI Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, IGI Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposits issued by IGI Investment Bank have been completely and finally settled.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
Note		----- (Rupees in '000) -----	
12 LONG-TERM CERTIFICATES OF DEPOSIT			
Unsecured			
Local currency			
Individuals		7,389	9,749
Others	12.1 & 12.2	130,000	-
		<u>137,389</u>	<u>9,749</u>
Less: Current maturity of long-term certificates of deposit		<u>(7,389)</u>	<u>(9,749)</u>
		<u>130,000</u>	<u>-</u>
12.1	These certificates of deposit have contractual maturities as on December 27, 2015 (June 30, 2014: Nil). Expected rate of return payable on these certificates of deposit is 11.50% (June 30, 2014: Nil) per annum.		
12.2	This represents certificates of deposit held by a related party.		
13. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of long-term certificates of deposit	12	7,389	9,749
Current maturity of long-term deposits under lease contracts		224,967	225,118
		<u>232,356</u>	<u>234,867</u>
14. TRADE AND OTHER PAYABLES			
Accrued expenses		9,927	8,125
Payable to customers on account of excess recoveries		3,028	3,028
Management fee and distribution commission payable		50	300
Unclaimed dividends		305	305
Advances from lessees		7,917	7,917
Payable against sale of securities		214,378	230,149
Provision for leave encashment		2,314	2,455
Payable to IGI Insurance Limited - a related party		26,014	28,360
Bonus payable		-	1,447
Withholding tax payable		1,728	1,347
Others		18,843	21,263
		<u>284,504</u>	<u>304,696</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

15. CONTINGENCIES AND COMMITMENTS

15.1 There are no changes in contingencies and commitments as disclosed in the consolidated financial statements for the year ended June 30, 2014.

	Quarter Ended	
	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	

16. INCOME FROM INVESTMENTS

Interest / mark-up / profit on investments	-	3,426
Gain / (loss) on disposal of investments	25,267	3,158
	25,267	6,584

17. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	16,335	16,237
Contribution to the provident fund	157	292
Contribution to employees' old-age benefit institution	52	54
Depreciation on property and equipment	1,180	1,939
Amortisation on intangible assets	115	155
Rent, rates and taxes	2,466	2,678
Travelling and entertainment	1,061	507
Telephone, telex and fax	544	1,436
Printing, postage and stationery	965	473
Insurance	382	958
Lighting, heating and cooling	952	790
Repairs and maintenance	320	571
Computer Expenses	1,533	1,143
Brokerage and commission	1,415	1,622
Legal and professional fees	2,080	2,088
Subscriptions	2,647	3,108
Advertisement	67	-
Other expenses	717	447
	32,988	34,498

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees fund. The Group has a policy whereby all transactions with related parties are entered into at contractual rates. The following table provides the transactions with related parties, other than remuneration under the terms of employment to key management personnel. For information regarding outstanding balances as at September 30, 2014 and September 30, 2013, refer to respective notes.

Quarter ended September 30, 2014

Description	Entity having significant influence over Investment Bank	Associates	Key management personnel	Other related parties	Total
Transactions during the period:					
----- (Rupees in '000) -----					
Certificates of deposit matured / pre-matured	45,000	-	-	-	45,000
Insurance expense	160	-	-	-	160
Purchase of fixed assets	558	-	-	2,044	2,602
Purchase of marketable securities for and on behalf of	16,277	-	4,368	12,277	20,645
Brokerage, commission and fee earned	32	-	4	60	96
Group shared services (see note 18.1)	350	-	-	-	350
Return on certificates of deposit	4,861	-	-	-	4,861
Sale of government securities for and on behalf of	-	-	-	93,600	93,600
Rent expense	1,493	-	-	403	1,896
Charge for the year in respect of employees benefit and contribution plan	-	-	-	209	-
				209	209

Quarter ended September 30, 2013

Description	Entity having significant influence over Investment Bank	Associates	Key management personnel	Other related parties	Total
Transactions during the period:					
----- (Rupees in '000) -----					
Purchase of marketable securities for and on behalf of	-	-	1,707	324,045	325,752
Sale of marketable securities for and on behalf of	-	-	2,167	384,116	386,283
Income from loans and advances	-	-	15	-	15
Brokerage, commission and fee earned	-	-	15	1,144	1,159
Sale of term finance certificates	-	174,517	9,109	-	183,626
Group shared services (see note 18.1)	4,146	147	-	-	4,293
Rent expense	-	-	-	160	160
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund	-	15,518	-	-	15,518
IGI Capital Protected Fund & IGI Aggressive Income Fund	-	1,057	-	-	1,057
Sales load- IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund & IGI Capital Protected Fund	-	1,057	-	-	1,057
Charge for the year in respect of employees benefit and contribution plan	-	-	-	310	310

18.1 Group shared services

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

19. SEGMENTAL ANALYSIS

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

Financing activities

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

Investment activities

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

Brokerage activities

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

	Quarter ended September 30, 2014			
	Financing activities	Investing activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	25,267	-	25,267
Income from loans and advances	202	-	-	202
Income from lease finance	990	-	-	990
Income from fees, commission and brokerage	-	1,216	12,549	13,765
Total income for reportable segments	1,192	26,483	12,549	40,224
Finance costs	-	(4,861)	-	(4,861)
Administrative and general expenses (excluding depreciation and amortization)	(314)	(6,966)	(24,413)	(31,693)
Depreciation and amortization	(17)	(371)	(907)	(1,295)
Reversal / (provision) for bad and doubtful debts (general and specific) - net	7,496	-	-	7,496
Impairment against quoted shares	-	(2,747)	-	(2,747)
Segment result	8,358	11,537	(12,771)	7,124
Other operating income				6,449
Unallocated other operating expenses				(438)
Profit before taxation				13,135
Segment assets	267,811	70,061	139,631	477,503
Unallocated assets				864,870
				1,342,373
Segment liabilities	439,240	224,967	216,742	880,949
Unallocated liabilities				67,762
				948,711
Capital expenditure - tangible	-	-	3,019	3,019
Capital expenditure - intangible	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter ended September 30, 2013			
	Financing activities	Investing activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	6,584	-	6,584
Income from loans and advances	381	-	-	381
Income from lease finance	4,719	-	-	4,719
Income from fees, commission and brokerage	-	1,312	15,757	17,069
Total income for reportable segments	5,100	7,896	15,757	28,753
Finance costs	(11,790)	(12,562)	(106)	(24,458)
Administrative and general expenses (excluding depreciation and amortization)	(6,815)	(6,275)	(18,965)	(32,055)
Depreciation and amortization	(606)	(675)	(813)	(2,094)
Provision for bad and doubtful debts (general and specific) - net	(63,281)	-	-	(63,281)
Segment result	(77,392)	(11,616)	(4,127)	(93,135)
Other operating income				3,616
Unallocated other operating expenses				(828)
Loss before Taxation				(90,347)
Segment assets	331,301	231,585	119,003	681,889
Unallocated assets				1,091,443
				1,773,332
Segment liabilities	965,595	184,120	177,717	1,327,432
Unallocated liabilities				36,173
				1,363,605
Capital expenditure - tangible	-	-	31	31
Capital expenditure - intangible	-	-	-	-

20. DATE OF AUTHORIZATION OF ISSUE

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on October 24, 2014.

21. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive Officer

Director

CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
ASSETS	Note	----- (Rupees in '000) -----	
Non-current assets			
Fixed assets	4	6,019	6,459
Long-term investments	5	221,225	234,121
Long-term deposits		4,375	4,669
		231,619	245,249
Current assets			
Current maturity of non-current assets	6	267,811	272,200
Short-term investments	7	4,920	4,920
Taxation - net		239,928	239,877
Prepayments and other receivables		24,115	22,146
Cash and bank balances	8	2,101	4,794
		538,875	543,937
TOTAL ASSETS		770,494	789,186
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated losses	9	(2,206,471)	(2,226,077)
		51,385	31,779
Non-current liabilities			
Long-term loan	10	285,000	285,000
Long-term certificates of deposit	11	130,000	-
		415,000	285,000
Current liabilities			
Current maturity of non-current liabilities	12	232,356	234,867
Short-term certificates of deposit		-	175,000
Interest and mark-up accrued		16,851	12,987
Trade and other payables	13	54,902	49,553
		304,109	472,407
TOTAL LIABILITIES		719,109	757,407
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		770,494	789,186

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

Chief Executive Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Note	Quarter Ended	
		September 30, 2014	September 30, 2013
		----- (Rupees in '000) -----	
Income			
Income from investments	15	25,228	6,584
Income from loans and advances		202	381
Income from lease finance		990	4,719
Income from fees, commission and brokerage		1,216	1,312
		27,636	12,996
 Finance costs		 4,861	 26,205
		22,775	(13,209)
 Administrative and general expenses	 16	 7,668	 14,720
		15,107	(27,929)
 Other operating income		 216	 136
		15,323	(27,793)
 Other operating expenses		 338	 379
Operating profit / (loss) before provisions		14,985	(28,172)
 Reversal/ (provision) for bad and doubtful loans and advances / lease losses - specific - net		 7,496	 (63,281)
 Loss on termination of lease contracts		 -	 (6,326)
 Impairment against quoted shares		 (2,747)	 -
		4,749	(69,607)
Profit / (loss) before taxation		19,734	(97,779)
 Taxation - net		 (128)	 (137)
Profit / (loss) after taxation		19,606	(97,916)
 Other comprehensive income - net of tax		 -	 -
Total comprehensive income / (loss)		19,606	(97,916)
		----- (Rupee) -----	
Earnings / (loss) per share		0.09	(0.46)

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

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter Ended	
	September 30, 2014	September 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	19,734	(97,779)
Adjustments for non cash and other items:		
Depreciation on property and equipment	294	1,147
Amortisation on intangible assets	94	134
Interest, mark-up and profit income	(216)	(8,662)
Finance costs	4,861	26,205
(Reversal) / provision for bad and doubtful loans and advances / lease losses - specific - net	(7,496)	63,281
Impairment against quoted shares	2,747	-
Gain on sale of investment	(25,228)	(3,200)
	(24,944)	78,905
	(5,210)	(18,874)
Decrease / (increase) in current assets:		
Short-term loans and advances	-	(288)
Short-term investments	-	28,036
Prepayments and other receivables	(1,969)	(653)
	(1,969)	27,095
(Decrease) / increase in current liabilities:		
Trade and other payables	5,349	9,883
	(1,830)	18,104
Repayments of long-term loans and advances - net	4,248	3,483
Net recovery from finance lease	7,689	18,251
Long-term deposits	294	-
(Repayments) / disbursement of certificates of deposit - net	(47,360)	(107,560)
Payments of deposits under lease contracts	(151)	(5,752)
Interest, mark-up and profit received	216	10,790
Finance cost paid	(997)	(28,070)
Income tax paid	(179)	(246)
Net cash used in operating activities	(36,240)	(109,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of long-term investments	35,377	-
Net cash flows generated from investing activities	35,377	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net decrease in cash and cash equivalents	(2,693)	(91,000)
Cash and cash equivalents at the beginning of the period	4,794	123,755
Cash and cash equivalents at the end of the period	2,101	32,755
Cash and cash equivalents at the end of the period	2,101	32,755

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

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital Statutory reserve	Revenue		
			General reserve		Accumulated profit / (loss)
----- (Rupees in '000) -----					
Balance as at July 01, 2013	2,121,025	97,098	39,733	(2,090,359)	167,497
Loss after taxation for the quarter ended September 30, 2013	-	-	-	(97,916)	(97,916)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(97,916)	(97,916)
Balance as at September 30, 2013	2,121,025	97,098	39,733	(2,188,275)	69,581
Balance as at July 01, 2014	2,121,025	97,098	39,733	(2,226,077)	31,779
Profit after taxation for the quarter ended September 30, 2014	-	-	-	19,606	19,606
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	19,606	19,606
Balance as at September 30, 2014	2,121,025	97,098	39,733	(2,206,471)	51,385

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

Chief Executive Officer

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

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

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at period ended September 30, 2014, the Investment Bank has accumulated losses amounted to Rs.2,206.471 million (June 30, 2014: Rs.2,226.077 million). Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities. As per the said Regulations, the minimum equity required is Rs.1,700 million as at September 30, 2014, however, the equity of the Investment Bank at the period-end amounted to Rs.51.385 million (June 30, 2014: Rs.31.779 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the SECP. Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

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

- the management of the Investment Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator;
- the Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

- the management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at September 30, 2014, the outstanding loans and leases aggregate to Rs.656.796 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing year; and
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

In addition to the above, the Board of Directors of the Investment Bank has approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and its 100% owned subsidiary with and into the Investment Bank. It is envisioned that the merged entity will benefit from cost reduction, revenue and human resource synergies. Said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities, mutual funds, fixed income instruments, government securities as well as the value added services of investment advisory, portfolio management and corporate advisory services. Consummation of the proposed merger is subject to the receipt of all relevant regulatory and corporate approvals, the finalization of relevant documentation and the sanction of the scheme of amalgamation by the High Court of relevant jurisdiction.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Investment Bank for the quarter ended September 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Investment Bank for the year ended June 30, 2014.
- 2.3** The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Investment Bank for the year ended June 30, 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
4. FIXED ASSETS			
Property and equipment	4.1	5,776	6,122
Intangible assets		243	337
		6,019	6,459
4.1 Property and equipment			
Opening written down value		6,122	18,109
Less: Disposals at written down value			
Furniture and fittings		-	(5,095)
Motor vehicles		-	(2,261)
Lease hold improvements		-	(1,688)
Computer equipment		-	(110)
		-	(9,154)
Depreciation for the period / year		(346)	(2,833)
Closing written down value		5,776	6,122
5. LONG-TERM INVESTMENTS			
Related parties - at cost			
Investment in unquoted subsidiary company		652,571	652,571
Others - available-for-sale - at cost			
Investment in unquoted companies		92,030	102,179
Investment in quoted company	5.1 & 5.2	47,355	47,355
Investment in unquoted preference shares		20,000	20,000
		811,956	822,105
Less: Impairment against investments		(590,731)	(587,984)
		221,225	234,121

5.1 This represents ordinary shares of Agritech Limited which are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) between Azgard Nine Limited (ANL) and various lenders including the Investment Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
6. CURRENT MATURITY OF NON-CURRENT ASSETS:			
Current maturity of long-term loans and advances - net		6,570	9,711
Current maturity of net investment in finance lease	6.1	<u>261,241</u>	<u>262,489</u>
		<u>267,811</u>	<u>272,200</u>
6.1	As at September 30, 2014, the Investment Bank's fund based exposure in one party of leases exceeded twenty percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed twenty percent of equity of the NBFC.		
		(Un-audited) September 30, 2014	(Audited) June 30, 2014
7. SHORT-TERM INVESTMENTS	Note	----- (Rupees in '000) -----	
Available-for-sale			
Listed term finance certificates		58,075	58,075
Unlisted term finance certificates		108,264	108,264
		<u>166,339</u>	<u>166,339</u>
		166,339	166,339
Impairment loss on term finance certificates		(161,419)	(161,419)
	7.1	<u>4,920</u>	<u>4,920</u>
7.1	In accordance with the requirements of NBFC Regulations, the Investment Bank should invest at least 15 percent of the outstanding funds raised through issue of certificates of deposit by the Investment Bank excluding certificates of deposit held by financial institutions in Pakistan Investment Bonds and Market Treasury Bills. However, at the period end, there is Rs. Nil (June 2014: Rs. Nil) investment in Pakistan Investment Bonds and Market Treasury Bills.		
		(Un-audited) September 30, 2014	(Audited) June 30, 2014
8. CASH AND BANK BALANCES	Note	----- (Rupees in '000) -----	
In hand		40	80
In current accounts			
State Bank of Pakistan		130	188
Others			
Local currency		225	976
Foreign currency		1,285	1,285
		1,510	2,261
In saving accounts			
Local currency	8.1	<u>421</u>	<u>2,265</u>
		<u>2,101</u>	<u>4,794</u>
8.1	These represent deposit accounts with commercial banks carrying mark-up at the rate ranging between 6.5% to 7% (June 30, 2014: 6.5% to 7%) per annum.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
9. SHARE CAPITAL AND RESERVES	Note	----- (Rupees in '000) -----	
Authorized capital			
300,000,000 (June 2014: 300,000,000) ordinary shares of Rs. 10 each		<u>3,000,000</u>	<u>3,000,000</u>
Issued, subscribed and paid-up capital			
190,993,300 (June 2014: 190,993,300) ordinary shares of Rs. 10 each fully paid in cash		1,909,933	1,909,933
21,109,250 (June 2014: 21,109,250) ordinary shares of Rs. 10 each issued as fully paid bonus shares		211,092	211,092
		2,121,025	2,121,025
Reserves			
General		39,733	39,733
Statutory		97,098	97,098
		136,831	136,831
Accumulated loss		(2,206,471)	(2,226,077)
		<u>51,385</u>	<u>31,779</u>
10. LONG-TERM LOAN			
Unsecured			
Local currency - related party	10.1	<u>285,000</u>	<u>285,000</u>

10.1 During last year, the Investment Bank has received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposits issued by the Investment Bank have been completely and finally settled.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

		(Un-audited) September 30, 2014	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
11. LONG-TERM CERTIFICATES OF DEPOSIT	Note		
Unsecured			
Local currency			
Individuals		7,389	9,749
Others	11.1 & 11.2	130,000	-
		<u>137,389</u>	<u>9,749</u>
Less: Current maturity of long-term certificates of deposit		<u>(7,389)</u>	<u>(9,749)</u>
		<u>130,000</u>	<u>-</u>
11.1	These certificates of deposit have contractual maturities as on December 27, 2015 (June 30, 2014: Nil). Expected rate of return payable on these certificates of deposit is 11.50% (June 30, 2014: Nil) per annum.		
11.2	This represents certificates of deposit held by a related party.		
		(Un-audited) September 30, 2014	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
12. CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Current maturity of long-term certificates of deposit	11	7,389	9,749
Current maturity of long-term deposits under lease contracts		224,967	225,118
		<u>232,356</u>	<u>234,867</u>
13. TRADE AND OTHER PAYABLES			
Accrued expenses		6,551	6,032
Payable to customers on account of excess recoveries		3,028	3,028
Unclaimed dividends		305	305
Withholding tax payable		1,728	1,347
Advances from lessees		7,917	7,917
Payable to IGI Insurance Limited - a related party		23,429	22,941
Others		11,944	7,983
		<u>54,902</u>	<u>49,553</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

14. CONTINGENCIES AND COMMITMENTS

14.1 There has been no change in the status of contingencies and commitments as disclosed in the financial statements for the year ended June 30, 2014.

	Quarter Ended	
	September 30, 2014	September 30, 2013
	----- (Rupees in '000) -----	
15. INCOME FROM INVESTMENTS		
Interest / mark-up / profit on investments	-	3,426
Gain on disposal of investments	25,228	3,158
	25,228	6,584

16. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	3,701	8,225
Contribution to the provident fund	157	292
Contribution to employees' old-age benefit institution	13	18
Depreciation on property and equipment	294	1,147
Amortisation on intangible assets	94	134
Rent, rates and taxes	659	1,060
Travelling and entertainment	55	156
Telephone, telex and fax	278	489
Printing, postage and stationery	45	205
Insurance	160	742
Lighting, heating and cooling	225	99
Repairs and maintenance	397	435
Brokerage and commission	-	15
Legal and professional fees	1,009	1,330
Subscriptions	320	299
Other expenses	261	74
	7,668	14,720

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

17. TRANSACTIONS WITH RELATED PARTIES

17.1 The Investment 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:

Quarter ended September 30, 2014

Description	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	Total
(Rupees in '000)						
Transactions during the period						
Certificates of deposit matured / pre-matured	45,000	-	-	-	-	45,000
Insurance expense	160	-	-	-	-	160
Group shared services (see note 17.2)	350	-	-	-	-	350
Sale of government securities	-	80,000	-	-	93,600	173,600
Return on certificates of deposit	4,861	-	-	-	-	4,861
Rent expense	340	64	-	-	138	542
Charge for the period in respect of employee benefit and contribution plan	-	-	-	-	170	170

Quarter ended September 30, 2013

Description	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	Total
(Rupees in '000)						
Transactions during the period						
Certificates of deposit issued	-	70,000	-	-	-	70,000
Certificates of deposit matured	-	70,000	-	-	-	70,000
Group shared services (see note 17.2)	4,146	147	-	-	-	4,293
Sale of government securities	-	-	-	-	6,000	6,000
Income from loans and advances	-	-	-	15	-	15
Return on certificates of deposit	-	2,621	-	-	-	2,621
Rent expense	-	-	-	-	160	160
Charge for the period in respect of employee benefit and contribution plan	-	-	-	-	310	310

17.2 Group shared services

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

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 24, 2014.

19. GENERAL

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

Chief Executive Officer

Director