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## COMPANY INFORMATION

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### **Borad of Directors**

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

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### **Audit Committee**

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

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### **H.R&R Committee**

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

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### **Auditors**

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

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### **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

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### **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.

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### **Shares Registrar**

THK Associates (Pvt.) Limited  
2nd 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

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### **Karachi Registered 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

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### **Lahore 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

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### **Islamabad Office**

Office 5, 6 & 7, Mezzanine Floor,  
Kashmir Plaza, Block B,  
AB West, Blue Area,  
Islamabad.  
Tel: (051) 111-234-234  
(051) 2604861-64  
Fax: (051) 111-567-567

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### **UAN**

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

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### **Website**

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

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### **Email**

[contact.center@igi.com.pk](mailto: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 information for the quarter ended September 30, 2015.

During the first quarter of financial year 2015-2016, 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, 2015	September 30, 2014
Gross Revenue	47,535	46,660
Profit for the quarter before taxation	20,832	13,135
Taxation – net	(2,362)	(343)
Profit for the quarter after taxation	18,470	12,792
Earnings per share (In Rupee)	0.09	0.06
	September 30, 2015	June 30, 2015
Total Assets	1,018,359	1,037,126

#### Standalone Results

	Rupees in thousands	
	September 30, 2015	September 30, 2014
Gross Revenue	6,233	27,636
Profit for the quarter before taxation	7,381	19,734
Taxation – net	(20)	(128)
Profit for the quarter after taxation	7,361	19,606
Earnings per share (In Rupee)	0.03	0.09
	September 30, 2015	June 30, 2015
Total Assets	666,704	652,941

The annual audited financial statements for the previous reporting periods and Directors' report thereon disclosed in detail:

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

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at September 30, 2015, the Investment Bank has accumulated losses amounted to Rs. 2,204.713 million (June 30, 2015: Rs. 2,212.074 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, 2015, however, the equity of the Investment Bank at the period-end amounted to Rs.56.644 million (June 30, 2015: Rs.49.283 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the Securities and Exchange Commission of Pakistan (SECP). Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

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

- the management of the Investment Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator;
- the Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;
- 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, 2015, the outstanding loans and leases aggregate to Rs. 587.171 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing year;
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

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

### **Acknowledgement**

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

For & on behalf of the Board

**Director**

**Chief Executive Officer**

Date: October 26, 2015.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	5	41,262	42,727
Long-term investments	6	63,031	61,136
Long-term deposits		8,832	8,714
Deferred tax assets - net		83,483	83,483
		196,608	196,060
<b>Current assets</b>			
Current maturity of non-current assets	7	241,953	245,220
Short-term loans and advances		843	738
Short-term investments	8	11,220	11,081
Trade debts - net		53,626	45,670
Deposits, prepayments and other receivables		88,661	150,192
Interest, mark-up and profit accrued		3,745	6,068
Taxation - net		189,635	189,306
Cash and bank balances	9	232,068	192,791
		821,751	841,066
<b>TOTAL ASSETS</b>		<u>1,018,359</u>	<u>1,037,126</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	2,121,025	2,121,025
Reserves		118,691	118,691
Accumulated loss		(2,685,021)	(2,703,491)
<b>Equity attributable to shareholders of the parent</b>		(445,305)	(463,775)
Advance against issue of preference shares		650,000	650,000
<b>TOTAL EQUITY</b>		204,695	186,225
<b>Non-current liabilities</b>			
Long-term loan	11	245,000	253,000
<b>Current liabilities</b>			
Current maturity of non-current liabilities	12	227,767	229,705
Short-term certificates of deposit		-	-
Interest and mark-up accrued		373	260
Trade and other payables	13	340,524	367,936
	5	568,664	597,901
<b>TOTAL LIABILITIES</b>		813,664	850,901
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,018,359</u>	<u>1,037,126</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial information.

Director

Chief Executive Officer

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2015

	Note	Quarter Ended	
		September 30, 2015	September 30, 2014
----- (Rupees in '000) -----			
Income from investments	15	4,218	25,267
Income from loans and advances		-	202
Income from lease finance		1,272	990
Income from fees, commission and brokerage		39,064	13,765
Other operating revenue		2,981	6,436
		47,535	46,660
Administrative and general expenses	16	(35,556)	(32,988)
		11,979	13,672
Other income		1,249	13
		13,228	13,685
Other expenses		(507)	(438)
Finance costs		(274)	(4,861)
		12,447	8,386
Reversal of provision for bad and doubtful loans and advances / lease losses - specific - net		8,515	7,496
Reversal of impairment / (impairment) against quoted shares		1,894	(2,747)
Loss on termination of lease contracts		(2,024)	-
		8,385	4,749
<b>Profit before taxation</b>		20,832	13,135
Taxation -net		(2,362)	(343)
<b>Profit after taxation</b>		18,470	12,792
Other comprehensive income		-	-
<b>Total comprehensive income - net off tax</b>		18,470	12,792
Profit attributable to non-controlling interest		-	-
Profit attributable to shareholders of the parent		18,470	12,792
		18,470	12,792
----- (Rupee) -----			
<b>Earnings per share</b>		0.09	0.06

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

Director

Chief Executive Officer

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter Ended	
	September 30, 2015	September 30, 2014
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,832	13,135
<b>Adjustments for non cash and other items:</b>		
Depreciation on property and equipment	1,436	1,180
Amortization on intangible assets	40	115
Interest, mark-up and profit income	(1,727)	(1,528)
Finance costs	274	5,007
(Reversal) of impairment / impairment against quoted shares	(1,894)	2,747
Gain on settlement of investments	-	(25,267)
Gain on sale of investment	(4,090)	-
Income on short term investments	(139)	-
(Reversal) / provision for bad and doubtful loans and advances / lease losses - specific - net	(8,515)	(7,496)
Loss on termination of lease contracts	2,024	-
	(12,591)	(25,242)
	8,241	(12,107)
<b>Increase / (decrease) in current assets:</b>		
Short-term loans and advances	(105)	(2,114)
Accrued markup	2,323	-
Short-term investments - net	-	(77,212)
Trade debts - net	(21,531)	31,029
Deposits, prepayments and other receivables	61,530	63,716
	42,217	15,419
<b>Increase / (decrease) in current liabilities:</b>		
Certificates of deposit	(786)	-
Trade and other payables	(12,998)	(17,479)
	(13,784)	(17,479)
	36,674	(14,167)
<b>Repayment of short-term loans and advances - net</b>		
Net recovery from finance lease	-	4,248
Long-term deposits	10,544	7,689
Repayment of certificates of deposit	(18)	194
Payments of deposits under lease contracts	-	(47,360)
Interest, mark-up and profit received	(1,152)	(151)
Finance cost paid	267	293
Income tax paid	(274)	(1,143)
	(2,742)	(1,404)
	6,625	(37,634)
<b>Net cash generated from / (used in) operating activities</b>	43,299	(51,801)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(12)	(3,019)
Proceeds from disposal of long term investment	4,090	35,377
Long-term deposits	(100)	-
<b>Net cash flows generated from investing activities</b>	3,978	32,358
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loan	(8,000)	-
<b>Net cash flows generated from financing activities</b>	(8,000)	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	39,277	(19,443)
Cash and cash equivalents at the beginning of the period	192,791	75,665
<b>Cash and cash equivalents at the end of the period</b>	232,068	56,222

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

**Director**

**Chief Executive Officer**



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Reserves					Total reserves	Advance against issue of preference shares	Non-controlling interest	Total
	Capital		Revenue						
	Reserve arising on acquisition of non-controlling interest	Statutory reserve	General reserve	Accumulated profit/(losses)					
(Rupees in '000)									
<b>Balance as at July 01, 2014</b>	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
Other Comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive income</b>	-	-	-	-	12,792	12,792	-	-	12,792
<b>Balance as at September 30, 2014</b>	<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>
<b>Balance as at July 01, 2015</b>	2,121,025	(21,641)	100,599	39,733	(2,703,491)	(2,584,800)	650,000	-	186,225
Profit after taxation for quarter ended September 30, 2015	-	-	-	-	18,470	18,470	-	-	18,470
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	18,470	18,470	-	-	18,470
<b>Balance as at September 30, 2015</b>	<u>2,121,025</u>	<u>(21,641)</u>	<u>100,599</u>	<u>39,733</u>	<u>(2,685,021)</u>	<u>(2,566,330)</u>	<u>650,000</u>	<u>-</u>	<u>204,695</u>

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

Director

Chief Executive Officer

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

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 (the Investment Bank)**

**1.1.1** 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 Investment Bank is situated at 7th Floor, the Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi which is also principal office of the Investment Bank.

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

**1.1.3** The annual audited financial statements for the previous reporting periods disclosed in detail:

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

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at September 30, 2015, the Investment Bank has accumulated losses amounting to Rs. 2,204.713 million (June 30, 2015: Rs. 2,212.074 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, 2015, however, the equity of the Investment Bank at the quarter end amounted to Rs. 56.644 million (June 30, 2015: Rs. 49.283 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the Securities and Exchange Commission of Pakistan (SECP). Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

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

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

- the management of the Investment Bank believes that the SECP is working to introduce a new business model for NBFCs engaged in leasing and investment finance services wherein various options like introduction of lesser minimum equity requirements are under consideration by the regulator;
- the Investment Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Investment Bank will be solvent and will be able to meet its obligations as and when they become due;
- the management of the Investment Bank continues to exert maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. As at September 30, 2015, the outstanding loans and leases aggregate to Rs. 587.171 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing years; and
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

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

**1.2 IGI Finex Securities Limited ( "IGI Finex" )**

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

**2. BASIS OF PRESENTATION**

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

Subsidiary company is the entity in which the Holding Company directly or indirectly controls or beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary company is included in the consolidated financial statements from the date the control commences until the control ceases.

The assets and liabilities of the subsidiary company have been consolidated on a line by line basis and carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid up capital of the subsidiary company.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

Intergroup balances and transactions have been eliminated.

Non-controlling interests are that part of net assets of the operations and net assets of the subsidiary company attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

**3. STATEMENT OF COMPLIANCE**

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

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

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

**4. ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Investment Bank for the year ended June 30, 2015.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----			
<b>5. FIXED ASSETS</b>			
Property and equipment	5.1	21,975	23,399
Intangible assets	5.2	19,287	19,328
		41,262	42,727
<b>5.1 Property and equipment</b>			
Opening written down value		23,399	19,109
Additions		12	11,740
Less: Disposals written down value		-	(2,246)
Depreciation for the period		(1,436)	(5,204)
Closing written down value		21,975	23,399
<b>5.2 Intangible assets</b>			
Opening written down value		19,328	19,636
Additions		-	40
Disposals at WDV		-	-
Depreciation for the period		(41)	(348)
Closing written down value		19,287	19,328
<b>6. LONG-TERM INVESTMENTS</b>			
<b>Others - available-for-sale - at cost</b>			
Investment in unquoted companies	6.3	88,782	88,782
Investment in quoted company	6.1 & 6.2	47,355	47,355
Investment in unquoted preference shares		-	20,000
Karachi Stock Exchange Limited (KSE)		40,000	40,000
Lahore Stock Exchange Limited (LSE)		8,000	8,000
	6.3	184,137	204,137
Less: Impairment against investments		(121,106)	(143,001)
		63,031	61,136
<b>6.1</b>	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 Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.		
<b>6.2</b>	As at September 30, 2015, the Investment Bank's exposure in a scrip 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 scrips 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.		
<b>6.3</b>	Moreover, the Investment Bank was not in compliance with Regulation 28(d) of the NBFC Regulations, 2008 which requires that the total investment by a leasing company in shares, equities or scrips shall not exceed fifty percent of its equity.		

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
		----- (Rupees in '000) -----	
<b>7. CURRENT MATURITY OF NON-CURRENT ASSETS</b>			
Current maturity of long-term loans and advances - net		-	-
Current maturity of net investment in finance lease	7.1 & 7.2	241,953	245,220
		<u>241,953</u>	<u>245,220</u>
<b>7.1</b>	As at September 30, 2015, the Investment Bank's fund based exposure in one party of leases exceeded twenty percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed twenty percent of equity of the NBFC.		
<b>7.2</b>	This amount includes residual value of Rs 221.164 million (June 30, 2015: 222.316).		
<b>8. SHORT-TERM INVESTMENTS</b>			
<b>Held-to-maturity</b>			
Market treasury bills		7,940	7,801
<b>Available-for-sale</b>			
Listed term finance certificates		8,135	8,135
Unlisted term finance certificates		108,264	108,264
		<u>116,399</u>	<u>116,399</u>
		124,339	124,200
Impairment loss on term finance certificates		(113,119)	(113,119)
		<u>11,220</u>	<u>11,081</u>
<b>9. CASH AND BANK BALANCES</b>			
In hand		106	14
<b>In current accounts</b>			
State Bank of Pakistan		13,803	177
<b>Others</b>			
Local currency		56,604	32,126
Foreign currency		1,313	1,313
		<u>57,917</u>	<u>33,439</u>
<b>In saving accounts</b>			
Local currency		160,242	159,161
		<u>232,068</u>	<u>192,791</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
		----- (Rupees in '000) -----	
<b>10. SHARE CAPITAL</b>			
Authorized capital			
300,000,000 (June 2015: 300,000,000) ordinary shares of Rs. 10/- each			
		3,000,000	3,000,000
<b>Issued, subscribed and paid-up capital</b>			
190,993,300 (June 2015: 190,993,300) ordinary shares of Rs. 10/- each fully paid in cash			
		1,909,933	1,909,933
21,109,250 (June 2015: 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
<b>11. LONG-TERM LOAN</b>			
<b>Unsecured</b>			
Local currency - related party	11.1	245,000	253,000

**11.1** During 2013-2014, the Investment Bank received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposit issued by the Investment Bank have been completely and finally settled.

During the quarter ended September 30, 2015, the Investment Bank has made repayment of all deposits along with mark-up, except for six depositors with aggregate deposits amounting to Rs. 6.603 million since these are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.26 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank has placed an amount of Rs. 8 million in Market Treasury Bills.

In light of the above, the Investment Bank has made prepayment of Rs. 40 million against the aforesaid loan. After this prepayment of Rs. 40 million, outstanding loan of IGI Investment Bank is Rs. 245 million.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----			
<b>12</b>	<b>CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>		
	Current maturity of long-term certificates of deposit	6,603	7,389
	Current maturity of long-term deposits under lease contracts	12.1    221,164	222,316
		<u>227,767</u>	<u>229,705</u>
<b>12.1</b>	This represents security deposits held by the Investment Bank under lease contracts against which an equivalent amount of residual value is receivable as disclosed in note 7.2 to this condensed interim consolidated financial information.		
<b>13.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Accrued expenses	13,937	10,548
	Payable against profit on unutilized funds	3,547	1,447
	Payable to customers on account of excess recoveries	3,028	3,028
	Payable to Provident Fund - a related party	12,700	-
	Commission payable	2,039	4,685
	Unclaimed dividends	305	305
	Withholding tax payable	1,121	2,995
	Advances from lessees	6,005	8,430
	Payable against purchase of securities	243,814	288,677
	Provision for leave encashment	1,652	1,927
	Payable to IGI Insurance Limited - a related party	32,811	31,681
	Bonus payable	711	1,642
	Others	18,854	12,571
		<u>340,524</u>	<u>367,936</u>
<b>14.</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1</b>	There has been no significant change in the status of contingencies as disclosed in the annual financial statement for the year ended June 30, 2015.		
		<u>Quarter Ended</u>	
		<u>September 30,</u>	<u>September 30,</u>
		<u>2015</u>	<u>2014</u>
		----- (Rupees in '000) -----	
<b>15.</b>	<b>INCOME FROM INVESTMENTS</b>		
	Interest / mark-up / profit on investments	128	-
	Gain / (loss) on disposal of investments	4,090	25,267
		<u>4,218</u>	<u>25,267</u>



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>September</b>	<b>September</b>
	<b>30, 2015</b>	<b>30, 2014</b>
	----- (Rupees in '000) -----	
<b>16. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries, allowances and benefits	15,414	16,335
Contribution to the provident fund	109	157
Contribution to employees' old-age benefit institution	13	52
Depreciation on property and equipment	1,452	1,180
Amortization on intangible assets	40	115
Rent, rates and taxes	2,415	2,466
Travelling and entertainment	118	1,061
Telephone, telex and fax	643	544
Printing, postage and stationery	1,137	965
Insurance	484	382
Lighting, heating and cooling	754	952
Repairs and maintenance	322	320
Computer expenses	2,133	1,533
Brokerage and commission	4,739	1,415
Legal and professional fees	757	2,080
Subscriptions	4,026	2,647
Advertisement	45	67
Other expenses	955	717
	<u>35,556</u>	<u>32,988</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**17. TRANSACTIONS WITH RELATED PARTIES**

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

**Quarter ended September 30, 2015**

Description	Entity having significant influence over Investment Bank	Associates	Key management personnel	Other related parties	Total
<b>Transactions during the period</b>					
(Rupees in '000)					
Insurance expense	439	-	-	44	483
Purchase of marketable securities	-	-	10,654	149,265	159,919
Sale of marketable securities	129,003	-	10,543	-	139,546
Group shared services (see note 17.2)	1,354	-	-	-	1,354
Group shared services - reimbursements	1,004	-	-	-	1,004
Consultancy, commission and fee earned	3,500	-	-	-	3,500
Brokerage, commission and fees earned	645	-	22	197	864
Rent expense	974	-	-	443	1,417
Charge for the year in respect of employee benefit and contribution plan	-	-	-	109	109

**Quarter ended September 30, 2014**

Description	Entity having significant influence over Investment Bank	Associates	Key management personnel	Other related parties	Total
<b>Transactions during the period</b>					
(Rupees in '000)					
Certificates of deposit matured	45,000	-	-	-	45,000
Insurance expense	160	-	-	-	160
Purchase of fixed assets	558	-	-	2,044	2,602
Purchase of marketable securities	16,277	-	4,368	12,277	32,922
Group shared services (see note 17.2)	350	-	-	-	350
Sale of government securities	-	-	-	93,600	93,600
Brokerage, commission and fees earned	32	-	4	60	96
Return on certificates of deposit	4,861	-	-	-	4,861
Rent expense	1,493	-	-	403	1,896
Charge for the year in respect of employee benefit and contribution plan	-	-	-	209	209

**17.2 Group shared services**

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**18. 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, 2015			
	Financing activities	Investment activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments		4,218	-	4,218
Income from loans and advances	-	-	-	-
Income from lease finance	1,272	-	-	1,272
Income from fees, commission and brokerage	-	743	38,321	39,064
Other operating revenue	-	-	2,981	2,981
<b>Total income for reportable segments</b>	<b>1,272</b>	<b>4,961</b>	<b>38,321</b>	<b>47,535</b>
Finance costs	-	(274)	-	(274)
Administrative and general expenses (excluding depreciation and amortization)	(1,067)	(4,160)	(28,837)	(34,064)
Depreciation and amortization	(217)	(845)	(2,832)	(1,492)
Reversal / (provision) for bad and doubtful debts (general and specific) - net	8,515	-	-	8,515
Impairment against term finance certificate - net	-	-	-	-
Impairment against quoted shares	-	1,894	-	1,894
Reversal on provision against trade debts	-	-	-	-
Loss on termination of lease contracts	(2,024)	-	-	(2,024)
Provision against other receivables	-	-	-	-
<b>Segment result</b>	<b>6,480</b>	<b>1,575</b>	<b>6,652</b>	<b>20,090</b>
Other operating income				1,249
Unallocated other operating expenses				(507)
<b>Profit before taxation</b>				<b>20,832</b>
Segment assets	241,953	63,031	55,028	360,012
Unallocated assets				658,347
				<b>1,018,359</b>
Segment liabilities	251,976	221,164	245,162	718,302
Unallocated liabilities				95,362
				<b>813,664</b>
Capital expenditure - tangible	-	-	12	12

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter ended September 30, 2014			
	Financing activities	Investment 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)
Provision for bad and doubtful debts (general and specific) - net	7,496	-	-	7,496
Provision against other assets	-	-	-	-
Impairment against quoted shares	-	(2,747)	-	(2,747)
Segment result	<u>8,357</u>	<u>11,538</u>	<u>(12,771)</u>	<u>7,124</u>
Other operating income				6,449
Unallocated other operating expenses				(438)
Loss before Taxation				<u>13,135</u>
Segment assets	<u>267,811</u>	<u>70,061</u>	<u>139,631</u>	477,503
Unallocated assets				<u>864,870</u>
				<u>1,342,373</u>
Segment liabilities	<u>439,240</u>	<u>224,967</u>	<u>216,742</u>	880,949
Unallocated liabilities				<u>67,762</u>
				<u>948,711</u>
Capital expenditure - tangible	<u>-</u>	<u>-</u>	<u>3,019</u>	<u>3,019</u>

**19. CORRESPONDING FIGURES**

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

**20. DATE OF AUTHORIZATION OF ISSUE**

These condensed interim consolidated financial information were approved by the Board of Directors and authorized for issue on \_\_\_\_\_.

**21. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**Director**

**Chief Executive Officer**

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

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	5	4,936	5,226
Long-term investments	6	219,113	217,219
Long-term deposits		4,393	4,375
		228,442	226,820
<b>Current assets</b>			
Current maturity of non-current assets	7	241,953	245,220
Short-term investments	8	11,220	11,081
Taxation - net		153,752	153,629
Prepayments and other receivables		11,551	8,007
Cash and bank balances	9	19,786	8,184
		438,262	426,121
<b>TOTAL ASSETS</b>		666,704	652,941
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	2,121,025	2,121,025
Reserves		140,332	140,332
Accumulated losses		(2,204,713)	(2,212,074)
		56,644	49,283
<b>Non-current liabilities</b>			
Long term loan	11	314,860	322,860
<b>Current liabilities</b>			
Current maturity of non-current liabilities	12	227,767	229,705
Interest and mark-up accrued		6,125	4,307
Trade and other payables	13	61,308	46,786
		295,200	280,798
<b>TOTAL LIABILITIES</b>		610,060	603,658
<b>TOTAL EQUITY AND LIABILITIES</b>		666,704	652,941
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

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

Director

Chief Executive Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	Quarter Ended	
		September 30, 2015	September 30, 2014
----- (Rupees in '000) -----			
<b>Income</b>			
Income from investments	15	4,218	25,228
Income from loans and advances		-	202
Income from lease finance		1,272	990
Income from fee, commission and brokerage		743	1,216
		6,233	27,636
Finance costs		1,652	4,861
		4,581	22,775
Administrative and general expenses	16	5,517	7,668
		(936)	15,107
Other income		327	216
		(609)	15,323
Other expenses		395	338
		(1,004)	14,985
Reversal of provision for bad and doubtful loans and advances / lease losses - specific - net		8,515	7,496
Reversal of impairment / (Impairment) against quoted shares		1,894	(2,747)
Loss on termination of lease contracts		(2,024)	-
		8,385	4,749
<b>Profit before taxation</b>		7,381	19,734
Taxation - net		(20)	(128)
<b>Profit after taxation</b>		7,361	19,606
Other comprehensive income		-	-
<b>Total comprehensive income</b>		7,361	19,606
		----- (Rupee) -----	
<b>Earnings</b>		0.03	0.09

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

Director

Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter Ended	
	September 30, 2015	September 30, 2014
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	7,381	19,734
<b>Adjustments for non cash and other items:</b>		
Depreciation on property and equipment	275	294
Amortisation on intangible assets	15	94
Interest, mark-up and profit income	(1,727)	(216)
Finance costs	1,652	4,861
(Reversal) / provision for bad and doubtful loans and advances / lease losses - specific - net	(8,515)	(7,496)
Reversal of impairment / (impairment) against quoted shares	(1,894)	2,747
Gain on sale of investments	(4,090)	(25,228)
Income on short term investments	(139)	-
Loss on termination of lease contracts	2,024	-
	<u>(12,399)</u>	<u>(24,944)</u>
	(5,018)	(5,210)
<b>Decrease / (increase) in current assets:</b>		
Prepayments and other receivables	(3,544)	(1,969)
<b>(Decrease) / increase in current liabilities:</b>		
Certificates of deposit	(786)	-
Trade and other payables	15,308	5,349
	<u>14,522</u>	<u>5,349</u>
	5,960	(1,830)
Repayment of long term loans and advances	-	4,248
Net recovery from finance leases	10,544	7,689
Long-term deposits	(18)	294
(Repayments) / disbursements of certificates of deposits - net	-	(47,360)
Repayments of deposits under lease contracts	(1,152)	(151)
Interest, mark-up and profit received	396	216
Finance cost	(75)	(997)
Income tax received / (paid)	(143)	(179)
	<u>9,552</u>	<u>(36,240)</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>15,512</u>	<u>(38,070)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of long-term investments - net	4,090	35,377
<b>Net cash generated from investing activities</b>	<u>4,090</u>	<u>35,377</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loan	(8,000)	-
<b>Net cash used in financing activities</b>	<u>(8,000)</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>11,602</u>	<u>(2,693)</u>
Cash and cash equivalents at the beginning of the period	8,184	4,794
<b>Cash and cash equivalents at the end of the period</b>	<u><u>19,786</u></u>	<u><u>2,101</u></u>

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

**Director**

**Chief Executive Officer**



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital Statutory reserve	Revenue		
			General reserve		Accumulated losses
----- (Rupees in '000) -----					
<b>Balance as at July 01, 2014</b>	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 loss	-	-	-	19,606	19,606
<b>Balance as at September 30, 2014</b>	<u>2,121,025</u>	<u>97,098</u>	<u>39,733</u>	<u>(2,206,471)</u>	<u>51,385</u>
<b>Balance as at July 01, 2015</b>	2,121,025	100,599	39,733	(2,212,074)	49,283
Profit after taxation for the quarter ended September 30, 2015	-	-	-	7,361	7,361
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	7,361	7,361
<b>Balance as at September 30, 2015</b>	<u>2,121,025</u>	<u>100,599</u>	<u>39,733</u>	<u>(2,204,713)</u>	<u>56,644</u>

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

**Director**

**Chief Executive Officer**

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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER SEPTEMBER 30, 2015 (UN-AUDITED)**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

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

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

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

**1.3** The annual audited financial statements of the Investment Bank for the previous reporting periods disclosed in detail:

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

Currently, the Investment Bank continues to face certain financial difficulties. These include the fact that as at September 30, 2015, the Investment Bank has accumulated losses amounting to Rs. 2,204.713 million (June 30, 2015: Rs. 2,212.074 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, 2015, however, the equity of the Investment Bank at the period-end amounted to Rs. 56.644 million (June 30, 2015: Rs. 49.283 million). In addition to the above, licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013, are pending for renewal by the Securities and Exchange Commission of Pakistan (SECP). Furthermore, no new loans and leases were disbursed by the Investment Bank in the current period. These factors continue to indicate the existence of a material uncertainty about the Investment Bank's ability to continue as a going concern.

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

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

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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
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- 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, 2015, the outstanding loans and leases aggregate to Rs. 587.171 million. The management expects to make considerable recoveries out of the aforesaid amounts in the ensuing years; and
- the sponsor of the Investment Bank is committed to provide continuing financial support to the Investment Bank enabling it to conduct its affairs in such a way that it will be able to meet its financial obligations as and when they become due.

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

**2. STATEMENT OF COMPLIANCE**

- 2.1** These condensed interim financial information of the Investment Bank for the quarter ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the NBFC Rules, 2003, the NBFC Regulations, 2008, and the said directives prevail.
- 2.2** These condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Investment Bank for the year ended June 30, 2015.
- 2.3** The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non-Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the application of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through SRO 411(1) / 2008 on such Non-Banking Finance Companies which are engaged in investment finance services, discounting services and housing finance services.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual financial statements for the year ended June 30, 2015.

**4. SIGNIFICANT ESTIMATES AND JUDGMENT**

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

In preparing these unconsolidated condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended June 30, 2015.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION**  
FOR THE QUARTER SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----			
<b>5. FIXED ASSETS</b>			
Property and equipment	5.1	4,907	5,182
Intangible assets		29	44
		4,936	5,226
<b>5.1 Property and equipment</b>			
Opening written down value		5,182	6,122
Additions		-	1,947
<b>Less: Disposals at written down value</b>			
Lease hold improvements		-	-
Furniture and fittings		-	-
Motor vehicles		-	(1,642)
Computer equipment		-	-
		-	(1,642)
Depreciation for the period / year		(275)	(1,245)
Closing written down value		4,907	5,182
<b>6 LONG-TERM INVESTMENTS</b>			
<b>Related parties</b>			
Investment in unquoted subsidiary company	6.3 & 6.4	652,571	652,571
<b>Others - available-for-sale</b>			
Investment in unquoted companies	6.4	88,782	88,782
Investment in quoted company	6.1, 6.2 & 6.3	47,355	47,355
Investment in unquoted preference shares		-	20,000
	6.4	136,137	156,137
Less: Impairment against investments		(569,595)	(591,489)
		219,113	217,219

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

**6.2** As at September 30, 2015, the Investment Bank's exposure in a scrip 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 scrips of any one company in excess of ten percent of its own equity or of the issued capital of the investee company, whichever is lower.

**6.3** As at September 30, 2015, 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 should not exceed twenty percent of equity of the NBFC.

**6.4** Moreover, the Investment Bank was not in compliance with Regulation 28(d) of the NBFC Regulations, 2008 which requires that the total investment by a leasing company in shares, equities or scrips shall not exceed fifty percent of the equity.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION**  
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	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
		----- (Rupees in '000) -----	
<b>7. CURRENT MATURITY OF NON-CURRENT ASSETS</b>			
Current maturity of long-term loans and advances - net		-	-
Current maturity of net investment in finance lease	7.1 & 7.2	241,953	245,220
		<u>241,953</u>	<u>245,220</u>
<b>7.1</b>	As at September 30, 2015, the Investment Bank's fund based finance lease exposure to a single party exceeded twenty percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed twenty percent of equity of the NBFC.		
<b>7.2</b>	This amount includes residual value of Rs 221.164 million (June 30, 2015: 222.316)		
<b>8. SHORT-TERM INVESTMENTS</b>			
<b>Held-to-maturity</b>			
Government securities		7,940	7,801
<b>Available-for-sale</b>			
Listed term finance certificates		8,135	8,135
Unlisted term finance certificates		108,264	108,264
		<u>116,399</u>	<u>116,399</u>
		124,339	124,200
Impairment loss on term finance certificates		(113,119)	(113,119)
		<u>11,220</u>	<u>11,081</u>
<b>9. CASH AND BANK BALANCES</b>			
In hand		-	-
<b>In current accounts</b>			
State Bank of Pakistan		13,803	177
<b>Others</b>			
Local currency		1,777	2,466
Foreign currency		1,313	1,313
		<u>3,090</u>	<u>3,779</u>
<b>In savings accounts</b>			
Local currency	9.1	2,893	4,228
		<u>19,786</u>	<u>8,184</u>
<b>9.1</b>	These represent deposit accounts with commercial banks carrying mark-up at the rate ranging between 5% to 6.5% (June 30, 2015: 5% to 6.5%) per annum.		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER SEPTEMBER 30, 2015 (UN-AUDITED)**

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
		----- (Rupees in '000) -----	
<b>10. CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
300,000,000 (June 2015: 300,000,000) ordinary shares of Rs. 10/- each		3,000,000	3,000,000
<b>Issued, subscribed and paid-up capital</b>			
190,993,300 (June 2015: 190,993,300) ordinary shares of Rs. 10/- each fully paid in cash		1,909,933	1,909,933
21,109,250 (June 2015: 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
<b>11 LONG - TERM LOANS</b>			
<b>Unsecured</b>			
Local currency - from sponsor		245,000	253,000
Local currency - from subsidiary		69,860	69,860
	11.1 & 11.2	314,860	322,860

**11.1** During 2013-2014, the Investment Bank received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposit issued by the Investment Bank have been settled.

During the quarter ended September 30, 2015, the Investment Bank has completed repayment of all deposits along with mark-up, except for six depositors with aggregate deposits amounting to Rs. 6.603 million since these are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs. 260,568. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank has placed an amount of Rs. 8 million in Market Treasury Bills.

In light of the above, the Investment Bank has made prepayment of Rs. 40 million against the aforesaid loan. After this prepayment of Rs. 40 million, outstanding loan of IGI Investment Bank is Rs. 245 million.

**11.2** During the year ended June 30, 2015, the Investment Bank has entered into a long term loan agreement with its wholly owned subsidiary (IGI Finex Securities Limited) for Rs. 85 million. Under the terms of the Loan Agreement, the loan is to be disbursed in multiple tranches, on such dates and in such amount as may be mutually agreed by the parties to the agreement. The loan carries markup rate at 1 month KIBOR + 2% and repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. The Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date. As at September 30, 2015, the Investment Bank has received Rs. 69.860 million out of the total amount of the loan i.e. Rs. 85 million.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
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	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----			
<b>12. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Current maturity of long-term certificates of deposit	12.1	6,603	7,389
Current maturity of long-term deposits under lease contracts		221,164	222,316
		<u>227,767</u>	<u>229,705</u>

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

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
----- (Rupees in '000) -----		
<b>13. TRADE AND OTHER PAYABLES</b>		
Accrued expenses	7,234	6,561
Payable to customers on account of excess recoveries	3,028	3,028
Unclaimed dividends	305	305
Withholding tax payable	167	82
Advances from lessees	6,005	8,430
Payable to Provident Fund - a related party	12,700	-
Payable to IGI Insurance Limited - a related party	22,572	22,652
Others	9,297	5,728
	<u>61,308</u>	<u>46,786</u>

**14. CONTINGENCIES AND COMMITMENTS**

**14.1** There has been no significant change in the status of contingencies and commitments as disclosed in the annual financial statements for the year ended June 30, 2015.

	Quarter Ended	
	September 30, 2015	September 30, 2014
----- (Rupees in '000) -----		
<b>15. INCOME FROM INVESTMENTS</b>		
Interest / mark-up / profit on investments	128	-
Gain on sale of investments	4,090	25,228
	<u>4,218</u>	<u>25,228</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
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16. ADMINISTRATIVE AND GENERAL EXPENSES	Quarter Ended	
	September 30, 2015	September 30, 2014
	----- (Rupees in '000) -----	
Salaries, allowances and benefits	2,924	3,701
Contribution to the provident fund	109	157
Contribution to employees' old-age benefit institution	13	13
Depreciation on property and equipment	275	294
Amortisation on intangible assets	15	94
Rent, rates and taxes	371	659
Travelling and entertainment	34	55
Telephone, telex and fax	161	278
Printing, postage and stationery	164	45
Insurance	152	160
Lighting, heating and cooling	32	225
Repairs and maintenance	22	397
Brokerage and commission	2	-
Legal and professional charges	497	1,009
Subscriptions	318	320
Advertisement	7	-
Other expenses	421	261
	5,517	7,668

**17. TRANSACTIONS WITH RELATED PARTIES**

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

Quarter ended September 30, 2015					
Description	Entity having significant influence over the Investment Bank	Subsidiaries	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----					
<b>Transactions during the period</b>					
Insurance expense	134	-	-	17	151
Group shared services (see note 17.2)	186	255	-	-	441
Group shared services - reimbursements (see note 17.2)	266	2,425	-	-	2,691
Markup on Long term loan	-	1,577	-	-	1,577
Rent expense	116	102	-	153	371
Charge for the year in respect of employee contribution plan	-	-	-	109	109



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER SEPTEMBER 30, 2015 (UN-AUDITED)**

**Quarter ended September 30, 2014**

Description	Entity having significant influence over the Investment Bank	Subsidiaries	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----					
<b>Transactions during the period</b>					
Certificates of deposit 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 year in respect of employee contribution plan	-	-	-	170	170

**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. CORRESPONDING FIGURES**

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

**19. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Investment Bank.

**20. GENERAL**

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

**Director**

**Chief Executive Officer**