

Quarterly Report  
Jul-Sep 2011



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## COMPANY INFORMATION

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### Board of Directors

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

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### Audit Committee

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

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### Auditors

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

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### Legal Advisors

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

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### Bankers

Allied Bank Ltd.  
Bank AL Habib Ltd.  
Faysal Bank Ltd.  
Habib Metropolitan 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

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

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### 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

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### Karachi Office

7<sup>th</sup> 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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### Islamabad Office

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

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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 present the unaudited financial statements for the first quarter ended September 30, 2011.

The overall economic and financial systems have gone through a period of extreme stress, both domestically and internationally. Business volumes in all areas of operations were down significantly.

The NBFC sector has continued to face impediments in its business activities due to factors such as high interest rates, overall reluctance of the financial institutions/banks to provide long term borrowing lines, continuous increase in costs of doing business for the industry, especially for the SME sector, and the erratic behavior of the stock exchanges in Pakistan.

In this scenario the bank has taken the required steps to cut down administrative costs and maintain liquidity. This strategy has helped in maintaining strict financial discipline and meeting all commitments and obligations fully and on time. In many ways the last few months were an opportunity for us to demonstrate our financial stability and maintain our stature and reputation.

Your bank has reported an operating loss before provisions of Rs.7.971 million as against an operating profit of Rs.10,489 million in the corresponding period of last year. At the bottom line, the bank has reported an after tax loss of Rs.29.238 million for the first quarter ended September 30, 2011 as compared to a profit of Rs. 8.928 million in the corresponding period of last year.

### Financial Summary

The financial highlights for the first quarter ended September 30, 2011 are as follows:

	September 30, 2011	September 30, 2010	Increase / (Decrease)	
	Rupees in thousands		%	
<b>INCOME</b>				
Fund based Income	220,865	235,798	(14,933)	(6.33)
Fund based Cost	204,401	184,550	19,851	10.76
<b>Net Fund Based Income</b>	<b>16,464</b>	<b>51,248</b>	<b>(34,784)</b>	<b>(67.87)</b>
Fee Based Income	8,798	4,402	4,396	99.86
<b>EXPENDITURE</b>				
Administrative and operating expenses	35,113	46,261	(11,148)	(24.09)

Our income from fund placements and financing, including lease finance, decreased by Rs.31.311 million to Rs.31.197 million and is in line with the strategy of the bank keeping in view the situation that has prevailed in the market. Our net fund based income decreased by Rs.34.784 million to Rs.16,464 million in the current period. The income from investments increased from Rs.169.892 million to Rs.188.733 million. The revenue generated from fee based lines of business including brokerage, corporate finance & advisory and portfolio management also increased from Rs.4.402 million to Rs.8.798 million.

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

While there are some signs that the economic scenario may show improvement, our current focus on growing the fee based businesses, diverting the energies of our corporate marketing staff fully on recoveries of loans and advances, and clamp on disbursements of loans and leases will be continued during the next quarter also.

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

For & on behalf of the Board

**Syed Babar Ali**  
Chairman

**S. Javed Hassan**  
Managing Director and Chief Executive

Karachi: October 26, 2011.

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2011

<b>ASSETS</b>	<b>Note</b>	<b>(Un-audited) September 30, 2011</b>	<b>(Audited) June 30, 2011</b>
		----- (Rupees in '000) -----	
<b>Non-current assets</b>			
Fixed assets	4	36,852	43,781
Long-term investments	5	1,096,310	1,089,280
Long-term loans and advances - net		239,918	246,524
Net investment in finance lease	6	110,998	142,264
Long-term deposits		4,934	5,345
Deferred tax asset - net		302,793	302,793
		1,791,805	1,829,987
<b>Current assets</b>			
Current maturity of non-current assets		504,841	559,866
Short-term loans and advances		1,240	31,292
Lendings - secured	7	662,118	298,000
Short-term investments	8	4,285,442	5,495,231
Taxation - net		237,921	241,081
Deposit, prepayments and other receivables	9	85,449	90,461
Interest, mark-up and profit accrued		41,913	49,788
Cash and bank balances		190,227	125,406
		6,009,151	6,891,125
<b>TOTAL ASSETS</b>		7,800,956	8,721,112
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated loss		(813,869)	(784,631)
		1,443,987	1,473,225
<b>Deficit on revaluation of investments - net of tax</b>	10	(69,372)	(55,544)
		1,374,615	1,417,681
<b>Non-current liabilities</b>			
Long-term finance	11	50,000	50,000
Long-term certificates of deposit		412,987	359,933
Long-term deposits under lease contracts		34,284	49,218
		497,271	459,151
<b>Current liabilities</b>			
Current maturity of non-current liabilities		1,450,176	1,282,078
Short-term certificates of deposit		1,520,680	1,836,032
Borrowings from financial institutions	12	2,756,777	3,486,253
Interest and mark-up accrued		156,837	171,204
Trade and other payables		44,600	68,713
		5,929,070	6,844,280
<b>TOTAL LIABILITIES</b>		6,426,341	7,303,431
<b>Contingencies and commitments</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		7,800,956	8,721,112

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

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

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	Quarter ended	
		September 30, 2011	Septmeber 30, 2010
		----- (Rupees in '000) -----	
<b>Income</b>			
Income from investments	14	188,733	169,892
Income from loans and advances		6,784	18,969
Income from lease finance		6,230	23,381
Income from lendings - secured		18,183	20,158
Income from fees, commission and brokerage		8,798	4,402
		228,728	236,802
Finance costs		204,401	184,550
		24,327	52,252
Administrative and general expenses		34,425	44,749
		(10,098)	7,503
Other operating income		2,815	4,498
		(7,283)	12,001
Other operating expenses		688	1,512
<b>Operating (loss) / profit before provisions</b>		(7,971)	10,489
Provision for bad and doubtful loans and advances / lease losses - specific - net		(16,705)	-
<b>(Loss) / profit before taxation</b>		(24,676)	10,489
Taxation - net		(4,562)	(1,561)
<b>(Loss) / profit after taxation</b>		(29,238)	8,928
Other comprehensive income - net of tax		-	-
<b>Total comprehensive (loss) / income - net of tax</b>		(29,238)	8,928
		----- (Rupee) -----	
<b>(Loss) / earning per share</b>		(0.14)	0.04

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

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

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Quarter Ended	
	September 30, 2011	September 30, 2010
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(24,676)	10,489
<b>Adjustments for non cash and other items:</b>		
Gain on disposal of fixed assets	(132)	(619)
Depreciation on property and equipment	2,483	5,237
Amortisation on intangible assets	534	605
Amortisation of transaction cost on term finance certificates	-	85
Provision for staff gratuity scheme	-	740
Interest, mark-up and profit income	(179,820)	(174,562)
Dividend income	(11,625)	(24,385)
Finance costs	204,401	184,550
Provision for bad and doubtful loans and advances / lease losses - specific - net	16,705	-
	32,546	(8,349)
	7,870	2,140
<b>(Increase) / decrease in current assets:</b>		
Short-term loans and advances	30,052	12,722
Lendings - secured	(364,118)	53,244
Short-term investments	1,195,961	(429,448)
Deposits, prepayments and other receivables	15,015	(78,419)
	876,910	(441,901)
<b>(Decrease) / increase in current liabilities:</b>		
Short-term certificates of deposit	(315,352)	132,679
Borrowings from financial institutions	(654,839)	39,217
Trade and other payables	(24,113)	(4,471)
	(994,304)	167,425
	(109,524)	(272,336)
Repayments of long-term loans and advances	5,433	33,577
Net recovery from finance lease	70,760	138,509
Long-term deposits	411	95
Disbursement / (repayment) of long-term certificates of deposit - net	297,006	(62,989)
Payments of deposits under lease contracts	(28,313)	(20,359)
Interest, mark-up and profit received	187,695	177,102
Dividend received	1,625	1,777
Finance cost paid	(218,768)	(144,330)
Income tax paid	(1,402)	(1,366)
<b>Net cash generated from operating activities</b>	314,447	122,016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(277)	(8,269)
(Purchase) / Proceeds of long-term investments - net	(7,030)	114,000
Proceeds from disposal of fixed assets	4,317	3,328
<b>Net cash flows (used in) / generated from investing activities</b>	(2,990)	109,059
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal redemption of term finance certificates	(62,475)	(62,593)
Long-term finance - net repaid	-	-
<b>Net cash flows used in financing activities</b>	(62,475)	(62,593)
<b>Net increase / (decrease) in cash and cash equivalents</b>	139,458	(103,854)
Cash and cash equivalents at the beginning of the period	(79,116)	65,124
<b>Cash and cash equivalents at the end of the period</b>	60,342	(38,730)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	190,227	260,969
Running finance utilised under mark-up arrangement	(129,885)	(299,699)
	60,342	(38,730)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital	Revenue		
		Statutory reserve	General reserve      Accumulated profit / (losses)		
----- (Rupees in '000) -----					
<b>Balance as at June 30, 2010</b>	2,121,025	97,098	39,733	(615,636)	1,642,220
Profit after taxation for the quarter ended September 30, 2010	-	-	-	8,928	8,928
Other Comprehensive income	-	-	-	-	-
Total Comprehensive income	-	-	-	8,928	8,928
<b>Balance as at September 30, 2010</b>	2,121,025	97,098	39,733	(606,708)	1,651,148
<b>Balance as at June 30, 2011</b>	2,121,025	97,098	39,733	(784,631)	1,473,225
Loss after taxation for the quarter ended September 30, 2011	-	-	-	(29,238)	(29,238)
Other Comprehensive income	-	-	-	-	-
Total Comprehensive loss	-	-	-	(29,238)	(29,238)
<b>Balance as at September 30, 2011</b>	2,121,025	97,098	39,733	(813,869)	1,443,987

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SYED BABAR ALI**  
Chairman

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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

IGI Investment Bank Limited (the Bank) is a public limited company incorporated in Pakistan on February 07, 1990 under the Companies Ordinance, 1984. The Bank is licensed to carry out investment finance activities and leasing operations as a Non-Banking Finance Company under Section 282C of the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations). The Bank's shares are quoted on 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 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

Based on the financial statements of the Bank for the year ended June 30, 2010, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of the Bank as 'A' and the short-term rating as 'A1'.

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

**2. STATEMENT OF COMPLIANCE**

- 2.1** These condensed interim financial statements of the Bank for the quarter ended September 30, 2011 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 Bank for the year ended June 30, 2011.
- 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 adopted and methods of computation followed 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 Bank for the year ended June 30, 2011 except as follows:

The Bank has adopted the following amended IFRS and related interpretations which became effective during the period:

- IFRS 2 – Group Cash-settled Share-based Payment Arrangements
- IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

**Improvements to various standards issued by IASB**

**Issued in 2009**

- IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8 – Operating Segments
- IAS 1 – Presentation of Financial Statements
- IAS 17 – Leases
- IAS 36 – Impairment of Assets

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**Issued in April 2010**

IFRS 3 – Business Combinations  
IAS 27 – Consolidated and Separate Financial Statements

The adoption of the above standards, amendments and interpretations did not have any material effect on the condensed interim financial statements of the Bank.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended June 30, 2011.

			(Un-audited) September 30, 2011	(Audited) June 30, 2011
	Note	-----	(Rupees in '000)	-----
<b>4</b>	<b>FIXED ASSETS</b>			
	Property and equipment	4.1	33,887	40,282
	Intangible asset		2,965	3,499
			<u>36,852</u>	<u>43,781</u>
<b>4.1</b>	<b>Property and equipment</b>			
	Opening written down value		40,282	57,577
	<b>Additions:</b>			
	Lease hold improvements		-	-
	Furniture and fittings		86	81
	Motor vehicles		-	12,695
	Office equipment		41	512
	Computer equipment		150	323
			277	13,611
	<b>Less: Disposals written down value</b>			
	Lease hold improvements		-	(2,161)
	Furniture and fittings		-	(1,360)
	Motor vehicles		(4,185)	(6,846)
	Office equipment		-	(869)
	Computer equipment		-	(910)
			(4,185)	(12,146)
	Depreciation for the period / year		2,487	18,760
	Closing written down value		<u>33,887</u>	<u>40,282</u>
<b>5.</b>	<b>LONG-TERM INVESTMENTS</b>			
	<b>Related parties - at cost</b>			
	Investment in unquoted subsidiary companies		895,011	895,011
	Investment in associates		217,735	210,705
			1,112,746	1,105,716
	<b>Others - available-for-sale - at cost</b>			
	Investment in unquoted companies		98,932	98,932
	Investment in unquoted preference shares		20,000	20,000
			<u>1,231,678</u>	<u>1,224,648</u>
	Less: Impairment against investments		(135,368)	(135,368)
			<u>1,096,310</u>	<u>1,089,280</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>Note</b>	<b>September</b>	<b>June 30,</b>
		<b>30, 2011</b>	<b>2011</b>
		----- (Rupees in '000) -----	
<b>6. NET INVESTMENT IN FINANCE LEASE</b>			
Lease rental receivables		531,359	582,065
Add: Residual value		308,814	337,126
		<u>840,173</u>	<u>919,191</u>
Less: Unearned finance income		(29,643)	(40,380)
		<u>810,530</u>	<u>878,811</u>
Less: Provision for lease losses		(229,255)	(213,724)
Less: Current maturity of net investment in finance lease		(470,277)	(522,823)
		<u>110,998</u>	<u>142,264</u>
<b>7. LENDINGS - SECURED</b>			
<b>Considered good - due from:</b>			
Related parties		263,000	298,000
Others		399,118	-
	7.1	<u>662,118</u>	<u>298,000</u>
<b>7.1</b>	These carry mark-up at rates ranging from 13.40% to 16% (June 30, 2011: 16%) per annum and are repayable latest by Oct 3, 2011. These lendings are secured against listed shares & market treasury bills having market value aggregating to Rs.757.69 million (June 30, 2011: Rs.445.522 million).		
<b>8. SHORT-TERM INVESTMENTS</b>		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>September</b>	<b>June 30,</b>
		<b>30, 2011</b>	<b>2011</b>
		----- (Rupees in '000) -----	
<b>Held-to-maturity</b>			
Commercial paper		-	9,895
<b>Held-for-trading</b>			
Pakistan Investment Bonds		44,406	42,350
Market treasury bills		2,469,180	3,576,382
		<u>2,513,586</u>	<u>3,618,732</u>
<b>Available-for-sale</b>			
Term finance certificates		1,641,664	1,662,770
Units of open end mutual funds		-	-
Listed shares and certificates		238,878	312,520
		<u>1,880,542</u>	<u>1,975,290</u>
		<u>4,394,128</u>	<u>5,603,917</u>
<b>Impairment loss on term finance certificates</b>		(108,686)	(108,686)
		<u>4,285,442</u>	<u>5,495,231</u>
<b>8.1</b>	In accordance with the requirements of NBFC Regulations, the Bank has invested Rs.443.524 million (2011: Rs.476.400 million) (representing 15 percent of the funds raised through issue of certificates of deposit by the Bank excluding certificates of deposit held by financial institutions) in Pakistan Investment Bonds and Market Treasury Bills.		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	(Un-audited) September 30, 2011	(Audited) June 30, 2011
		----- (Rupees in '000) -----	
<b>9. DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Deposit</b>			
Short-term deposit		-	-
<b>Prepayments</b>			
Rent		9,415	12,395
Others		8,029	1,278
<b>Other receivables - net</b>			
<b>Secured - considered good</b>			
Assets repossessed in respect of terminated lease contracts		1,951	1,951
Excise duty paid on behalf of customers		4,471	4,471
Dividend receivable		11,625	1,625
<b>Balances due from related parties:</b>			
Packages Limited		16	-
Staff Provident Fund		-	744
Staff Gratuity Fund		328	254
Receivable from subsidiaries		3,459	-
Receivable against sale of securities		19,225	46,148
		23,028	47,146
Accrued commission / fee income	9.1	7,937	5,937
Fair value of derivative financial instruments		-	401
Insurance rentals receivables		1,429	1,071
Others		12,264	8,886
<b>Unsecured and considered doubtful</b>			
Receivable from lessees in satisfaction of claims		20,492	20,186
Receivable against settlement of fund placement		13,750	13,750
		34,242	33,936
		114,391	119,097
Less: Provision against bad and doubtful receivables		(28,942)	(28,636)
		85,449	90,461
<b>9.1</b>	This includes commission aggregating to Rs.2.520 million (2011: Rs.2.520 million) due from IGI Finex Securities Limited, IGI Funds Limited, IGI Insurance Limited and Packages Limited (related parties).		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		(Un-audited) September 30, 2011	(Audited) June 30, 2011
Note		----- (Rupees in '000) -----	
<b>10. DEFICIT ON REVALUATION OF INVESTMENTS - NET</b>			
Net surplus / (deficit) on revaluation of:			
Government securities		(5,009)	(9,383)
Listed and unlisted term finance certificates		(54,819)	(55,250)
Units of open end mutual funds		-	-
Listed shares and certificates		(26,799)	(13,500)
Fair value of derivative financial instruments		-	401
		(86,627)	(77,732)
Impairment loss on equity investments classified as 'available-for-sale' - transferred to profit and loss account		-	4,933
		(86,627)	(72,799)
Related deferred tax asset - net		17,255	17,255
		(69,372)	(55,544)
<b>11. LONG-TERM FINANCE</b>			
<b>Secured</b>			
Local currency - banking companies	11.1	150,000	150,000
Less: Current maturity of long-term finance		(100,000)	(100,000)
		50,000	50,000
<b>11.1</b>	The facility is secured by a first pari passu charge on Bank's movable assets and all receivables including leased assets and lease receivables with 25% margin. These carry mark-up at the rate of 16.02%(June 30, 2011: 16.02%) and are repayable latest by Dec 07, 2011.		
		(Un-audited) September 30, 2011	(Audited) June 30, 2011
Note		----- (Rupees in '000) -----	
<b>12. BORROWING FROM FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
Running finance utilised under mark-up arrangement	12.1	129,885	204,522
<b>Securities sold under repurchase agreements to:</b>			
Related parties		-	89,217
Others	12.2	2,626,892	3,192,514
		2,626,892	3,281,731
		2,756,777	3,486,253
<b>12.1</b>	These carry mark-up at the rate ranging from 15.28% to 15.49% (June 30, 2011: 15.25% to 15.50%) per annum and are repayable latest by October 31, 2011.		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**12.2** These carry mark-up at the rate ranging from 13.33% to 13.80% (June 30, 2011: 12.60% to 14.25%) per annum and are repayable latest by October 3, 2011.

**13. CONTINGENCIES AND COMMITMENTS**

**13.1** There has been no change in the status of contingencies as disclosed in last annual audited financial statements.

	<b>(Un-audited) September 30, 2011</b>	<b>(Audited) June 30, 2011</b>
	----- (Rupees in '000) -----	
<b>13.2 Commitments</b>		
Commitment in respect of forward sale of shares	-	58,936
Commitment in respect of forward purchase of shares	-	-

	<b>Quarter ended</b>	
	<b>September 30, 2011</b>	<b>September 30, 2010</b>
	----- (Rupees in '000) -----	
<b>14. INCOME FROM INVESTMENTS</b>		
Interest / mark-up / profit on investments	147,688	108,656
Gain on disposal of investments	29,420	36,851
Dividend income	11,625	24,385
	188,733	169,892

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**15. TRANSACTIONS WITH RELATED PARTIES**

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

	Quarter ended September 30, 2011			
	Subsidiaries	Other related parties including associated undertakings	Key management personnel	Total
	----- (Rupees in '000) -----			
<b>Transactions during the period</b>				
Certificates of deposit issued	-	883,478	648	884,126
Certificates of deposit matured	-	204,200	209	204,409
Insurance premium paid	-	1,200	-	1,200
Dividend received	3,000	-	-	3,000
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Lendings - secured	4,731,000	-	-	4,731,000
Repayment of secured lending	4,766,000	-	-	4,766,000
Purchase of marketable securities	96,751	-	-	96,751
Sale of marketable securities	97,465	-	-	97,465
Sale of term finance certificates	-	40,536	-	40,536
Purchase of term finance certificates	-	40,544	-	40,544
Investment in mutual fund units	-	216,735	-	216,735
Redemption of mutual fund units	-	209,705	-	209,705
Sale of government securities	-	59,357	-	59,357
Purchase of government securities	-	-	-	-
Income from loans and finances	-	-	4	4
Income from lendings - secured	11,290	-	-	11,290
Borrowings - secured & unsecured	-	90,000	-	90,000
Repayment of borrowings-secured & unsecured	-	179,217	-	179,217
Markup on borrowings - secured & unsecured	-	1,054	-	1,054
Brokerage, commission and fees paid	878	96	-	974
Return on certificates of deposit	-	4,154	2	4,156
Rent expense	-	3,949	-	3,949
Reimbursement of rent	226	15	-	241
Short-term deposit	-	-	-	-
Reimbursement of subscription expense	-	-	-	-
Traveling and lodging	-	-	248	248
Charge for the year in respect of employee benefit and contribution plan	-	881	-	881
Remuneration to key management personnel	-	-	10,906	10,906

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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

**16. DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on October 26, 2011 by the Board of Directors of the BANK.

**17. GENERAL**

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

**SYED BABAR ALI**  
Chairman

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)**  
AS AT SEPTEMBER 30, 2011

	Note	(Un-audited) September 30, 2011	(Audited) June 30, 2011
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	5	140,257	151,764
Investment property		6,142	6,217
Long-term investments	6	22,932	22,932
Long-term loans and advances - net		239,918	246,524
Investment in associates	7	381,719	372,890
Net investment in finance lease	8	110,998	142,264
Long-term deposits		11,524	11,935
Deferred tax assets - net		455,098	455,182
		1,368,588	1,409,708
<b>Current assets</b>			
Current maturity of non-current assets		504,841	559,892
Short-term loans and advances		1,803	31,834
Lendings - secured	9	513,118	114,000
Short-term investments	10	4,297,286	5,505,653
Trade debts - net		911,423	969,224
Deposits, prepayments and other receivables	11	150,292	162,210
Interest, mark-up and profit accrued		179,690	151,750
Taxation - net		271,544	272,080
Cash and bank balances		202,910	138,606
		7,032,907	7,905,249
<b>TOTAL ASSETS</b>		<b>8,401,495</b>	<b>9,314,957</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		2,121,025	2,121,025
Reserves		115,145	115,145
Accumulated loss		(1,164,558)	(1,124,152)
		1,071,612	1,112,018
Non-controlling interest		45	45
		1,071,657	1,112,063
Deficit on revaluation of investments - net of tax	12	(67,949)	(55,489)
		1,003,708	1,056,574
<b>Non-current liabilities</b>			
Redeemable capital		-	-
Long-term finance	13	50,000	50,000
Long-term certificates of deposit		412,987	359,933
Long-term deposits under lease contracts		34,284	49,218
		497,271	459,151
<b>Current liabilities</b>			
Current maturity of non-current liabilities		1,450,176	1,282,078
Short-term certificates of deposit		1,520,680	1,836,032
Borrowings from financial institutions	14	3,430,363	4,161,157
Interest and mark-up accrued		185,439	194,817
Trade and other payables		313,858	325,148
		6,900,516	7,799,232
<b>TOTAL LIABILITIES</b>		<b>7,397,787</b>	<b>8,258,383</b>
<b>Contingencies and commitments</b>	15		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,401,495</b>	<b>9,314,957</b>

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

**SYED BABAR ALI**  
Chairman

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

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Note	Quarter ended	
		September 30, 2011	Septmeber 30, 2010
----- (Rupees in '000) -----			
<b>Income</b>			
Income from investments	16	185,848	170,729
Income from loans and advances		6,784	18,969
Income from lease finance		6,230	23,381
Income from lendings - secured		12,317	20,411
Remuneration from funds under management - net		11,264	16,171
Income from fees, commission and brokerage		21,331	25,191
		243,774	274,852
Finance costs		233,559	200,657
		10,215	74,195
Administrative and general expenses		72,611	93,858
		(62,396)	(19,663)
Other operating income		38,360	27,036
		(24,036)	7,373
Other operating expenses		871	1,765
<b>Operating profit / (loss) before provisions and share of profit in associates</b>		(24,907)	5,608
Provision for bad and doubtful loans and advances / lease losses - specific - net		(16,705)	-
		(41,612)	5,608
Share of profit in associates		6,367	16,026
<b>(Loss) / profit before taxation</b>		(35,245)	21,634
Taxation		(5,161)	(2,789)
<b>(Loss) / profit after taxation</b>		(40,406)	18,845
(Loss) / gain attributable to non-controlling interest		-	-
(Loss) / gain attributable to shareholders		(40,406)	18,845
(Loss) / profit after taxation		(40,406)	18,845
Other comprehensive income - net of tax		-	-
<b>Total comprehensive (loss) / income - net of tax</b>		(40,406)	18,845
(Loss) / gain attributable to non-controlling interest		-	-
<b>(Loss) / gain attributable to shareholders</b>		(40,406)	18,845
<b>(Loss) / earning per share - basic</b>		(0.19)	0.09

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

**SYED BABAR ALI**  
Chairman

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Quarter Ended	
	September 30, 2011	September 30, 2010
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit for the period before taxation	(35,245)	21,634
<b>Adjustments for non cash and other items:</b>		
Gain on disposal of fixed assets	(629)	(643)
Gain on sale of investments	-	(757)
Depreciation on property and equipment	4,541	8,958
Amortization of intangible assets	812	1,208
Amortization of transaction cost on term finance certificates	-	85
Provision for staff gratuity scheme	-	740
Interest, mark-up and profit income	(175,102)	(174,563)
Dividend income	(8,625)	(24,385)
Finance cost	233,559	205,892
Share of profit in associates	(6,367)	(16,026)
Provision against other assets	306	-
Provision for bad and doubtful loans and advances / lease losses - specific - net	16,705	-
	65,200	509
	29,955	22,143
<b>(Increase) / decrease in current assets:</b>		
Short-term loans and advances	30,031	12,104
Lendings - secured	(399,118)	53,244
Short-term investments	1,195,907	(429,448)
Trade debts	57,801	(1,486,716)
Advances, Deposits, prepayments and other receivables	18,612	(55,014)
	903,233	(1,905,830)
<b>(Decrease) / increase in current liabilities:</b>		
Short-term certificates of deposit	(315,352)	132,679
Borrowings from financial institutions	(654,839)	39,217
Trade and other payables	(11,290)	1,260,566
	(981,481)	1,432,462
	(48,293)	(451,225)
Repayment of long-term loans and advances - net	5,433	33,679
Net recovery from finance lease	70,785	138,509
Long-term deposits	411	95
(Repayment) / issuance of certificates of deposit	297,006	(62,989)
Payments of deposits under lease contracts	(28,313)	(20,359)
Interest, mark-up and profit received	147,162	176,341
Dividend received	1,625	1,777
Finance cost paid	(242,937)	(162,016)
Income tax paid	(4,541)	(4,006)
<b>Net cash generated from operating activities</b>	246,631	101,031
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(623)	(12,107)
Investment made / (disposed) in associates	(2,462)	126,924
Proceeds from disposal of fixed assets	7,481	3,633
<b>Net cash generated from / (used in) investing activities</b>	4,396	118,450
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of term finance certificates	(62,475)	(62,593)
Lease rentals paid	-	(846)
<b>Net cash (used in) / generated from financing activities</b>	(62,475)	(63,439)
<b>Net increase / (decrease) in cash and cash equivalents</b>	140,259	(295,183)
Cash and cash equivalents at the beginning of the period	(740,820)	(231,402)
<b>Cash and cash equivalents at the end of the period</b>	(600,561)	(526,585)
<b>Cash and cash equivalents at the end of the period</b>		
Cash and bank balances	202,910	264,460
Short-term running finance - secured	(803,471)	(791,045)
	(600,561)	(526,585)

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

**SYED BABAR ALI**  
Chairman

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	Reserves					Total Reserves	Non-Controlling interest	Total
	Capital		Revenue					
	Issued, subscribed and paid-up capital	Reserve arising on acquisition of non-controlling interest	Statutory Reserve	General Reserve	Accumulated Profit / (losses)			
------(Rupees in '000)-----								
<b>Balance as at June 30, 2010</b>	2,121,025	(21,686)	97,098	39,733	(852,534)	(737,389)	45	1,383,681
Profit after taxation for the quarter ended September 30, 2010	-	-	-	-	18,845	18,845	-	18,845
Profit attributable to non-controlling Interest	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	18,845	18,845	-	18,845
<b>Balance as at September 30, 2010</b>	<u>2,121,025</u>	<u>(21,686)</u>	<u>97,098</u>	<u>39,733</u>	<u>(833,689)</u>	<u>(718,544)</u>	<u>45</u>	<u>1,402,526</u>
<b>Balance as at June 30, 2011</b>	2,121,025	(21,686)	97,098	39,733	(1,124,152)	(1,009,007)	45	1,112,063
Loss after taxation for the quarter ended September 30, 2011	-	-	-	-	(40,406)	(40,406)	-	(40,406)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-
Total Comprehensive loss	-	-	-	-	(40,406)	(40,406)	-	(40,406)
<b>Balance as at September 30, 2011</b>	<u>2,121,025</u>	<u>(21,686)</u>	<u>97,098</u>	<u>39,733</u>	<u>(1,164,558)</u>	<u>(1,049,413)</u>	<u>45</u>	<u>1,071,657</u>

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

**SYED BABAR ALI**  
Chairman

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**1. THE GROUP AND ITS OPERATIONS**

The Group consists of :

**Holding company**

IGI Investment Bank Limited ("IGI BANK")

**Subsidiary companies**

**Percentage holding**

IGI Finex Securities Limited

100%

IGI Funds Limited

99.97%

**IGI Investment Bank Limited**

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

Based on the financial statements of IGI Bank for the year ended June 30, 2010, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term credit rating of IGI Bank as 'A' and the short-term rating as 'A1'.

**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 company is situated at Suite No. 701-713, 7th Floor, The Forum, G-20, Khayaban-e-Jami, Block-9, Clifton, Karachi. The company is a public unlisted company and a corporate member of the Karachi Stock Exchange (Guarantee) Limited. The Lahore Stock Exchange (Guarantee) Limited and Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited). The company is a wholly owned subsidiary of IGI Investment Bank Limited.

The principal activities of IGI Finex include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services. Other activities include investment in securities and reverse repurchase/continuous funding system transactions.

**IGI Funds Limited (IGI Funds)**

IGI Funds was incorporated in Pakistan on January 18, 2006 under the Companies Ordinance, 1984 with the name of "First International Capital Management Limited" as a public limited company. The Company obtained its Certificate of commencement of business on May 12, 2006. The name of the Company was subsequently changed to "IGI Funds Limited" on July 11, 2006. The Company is licensed to carry out Asset Management Services and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The principal activities of the Company are floating and managing mutual funds. The registered office of the Company is situated at 5 F.C.C Ground Floor, Syed Maratab Ali Road Gulberg, Lahore.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**2. BASIS OF PRESENTATION**

- a) The consolidated financial statements include the financial statements of IGI Investment Bank Limited and its subsidiary companies.
- b) Subsidiaries are entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases. The assets and liabilities of subsidiary companies have been consolidated on a line by line basis based on the un-audited financial statements for the quarter ended Sep 30, 2011 and the carrying value of investments held by IGI Bank is eliminated against the subsidiaries' shareholders' equity in these consolidated financial statements. Intra-Group balances and transactions have been eliminated.
- c) Non-controlling interests are that part of the net results of operations and net assets of subsidiary companies attributable to interests which are not owned by the Group.

**3. STATEMENT OF COMPLIANCE**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

		(Un-audited) September 30, 2011	(Audited) June 30, 2011
	Note	----- (Rupees in '000) -----	
<b>5. FIXED ASSETS</b>			
Property and equipment	5.1	61,550	72,307
Intangible assets		78,707	79,394
Capital work-in-progress		-	63
		140,257	151,764
<b>5.1 PROPERTY AND EQUIPMENT</b>			
Opening written down value		72,307	101,184
Additions		561	23,090
Less: Disposals written down value		(6,852)	(19,993)
Depreciation for the period / year		(4,466)	(31,974)
Closing written down value		61,550	72,307
<b>6 LONG-TERM INVESTMENTS</b>			
<b>Available for sale - at cost:</b>			
Investment in unquoted companies		98,932	98,932
Investment in unquoted preference shares		20,000	20,000
		118,932	118,932
Less: Impairment against investments		(96,000)	(96,000)
		22,932	22,932
<b>7 INVESTMENTS IN ASSOCIATES</b>			
<b>7.1 Movement of investment in associates</b>			
Opening balance		293,890	697,574
Net addition / deletions made during the year		2,462	(403,684)
Total acquisition at cost		296,352	293,890
Post acquisition share of associates profit		85,367	79,000
		381,719	372,890
<b>7.2 Investment in associate companies</b>			
IGI Income Fund		61,697	66,985
IGI Money Market Fund		74,735	70,293
IGI Islamic Income Fund		59,920	56,612
IGI Capital Protected Fund		100,000	100,000
		296,352	293,890

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			(Un-audited) September 30, 2011	(Audited) June 30, 2011
			----- (Rupees in '000) -----	
<b>8</b>	<b>NET INVESTMENT IN FINANCE LEASE</b>	<b>Note</b>		
	Lease rental receivables		531,359	582,065
	Add: Residual value		308,814	337,126
			<u>840,173</u>	<u>919,191</u>
	Less: Unearned finance income		(29,643)	(40,380)
			810,530	878,811
	Less: Provision for lease losses		(229,255)	(213,724)
	Less: Current maturity of net investment in finance lease		(470,277)	(522,823)
			<u>110,998</u>	<u>142,264</u>
<b>9</b>	<b>LENDINGS - SECURED</b>			
	Repurchase agreements (Reverse Repo)	9.1	<u>513,118</u>	<u>114,000</u>
<b>9.1</b>	These carry mark-up at rates ranging from 13.40% to 19% (2011: 18.00% to 19%) per annum and are repayable latest by October 3, 2011.			
			(Un-audited) September 30, 2011	(Audited) June 30, 2011
<b>10</b>	<b>SHORT-TERM INVESTMENTS</b>		----- (Rupees in '000) -----	
	<b>Held-to-maturity</b>			
	Commercial paper		-	9,895
	<b>Held-for-trading</b>			
	Government securities		2,513,586	3,618,732
	Listed Shares		9,694	8,225
	Listed term finance certificates		2,150	2,197
			<u>2,525,430</u>	<u>3,629,154</u>
	<b>Available-for-sale</b>			
	Term finance certificates		1,641,664	1,662,770
	Listed shares and certificates		238,878	312,520
			<u>1,880,542</u>	<u>1,975,290</u>
			4,405,972	5,614,339
	<b>Impairment loss on term finance certificates</b>		(108,686)	(108,686)
			<u>4,297,286</u>	<u>5,505,653</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

	<b>(Un-audited) September 30, 2011</b>	<b>(Audited) June 30, 2011</b>
	----- (Rupees in '000) -----	
<b>11 Deposits, prepayments and other receivables</b>		
<b>Deposits</b>		
Pakistan Mercantile Exchange Limited - margin deposit	11,321	11,479
Exposure deposits with Karachi Stock Exchange (Guarantee) Limited	39,082	39,800
Others	1,484	1,772
	51,887	53,051
Prepaid expenses	24,668	21,710
<b>Other receivables - net</b>		
<b>Secured - considered good</b>		
Assets repossessed in respect of terminated lease contracts	1,951	1,951
Excise duty paid on behalf of customers	4,471	4,471
Dividend receivable	8,625	1,625
<b>Balances due from related parties:</b>		
Packages Limited	16	-
IGI Income Fund	2,161	1,338
IGI Stock Fund	666	929
IGI Islamic Income Fund	599	2,024
IGI Money Market Fund	2,811	1,603
IGI Aggressive Income Fund	846	1,468
IGI Capital Protected Fund	1,894	1,165
Staff Provident Fund of IGI Bank Limited	-	744
Staff Gratuity Fund of IGI Bank Limited	328	254
	9,321	9,525
Accrued commission / fee income	8,860	5,937
Receivable against sale of securities	19,225	46,148
Fair value of derivative financial instruments	-	401
Insurance rental receivable	1,429	1,071
Others	14,555	11,020
<b>Unsecured and considered doubtful:</b>		
Other receivables	25,583	25,583
Receivable from lessees in satisfaction of claims	20,492	20,186
Receivable against settlement of fund placement	13,750	13,750
	59,825	59,519
Less: Provision for bad and doubtful receivables	(54,525)	(54,219)
	<u>150,292</u>	<u>162,210</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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			(Un-audited) September 30, 2011	(Audited) June 30, 2011
			----- (Rupees in '000) -----	
<b>12</b>	<b>DEFICIT ON REVALUATION OF INVESTMENTS - NET OF TAX</b>	<b>Note</b>		
	Net surplus / (deficit) on revaluation of:			
	Government securities		(5,009)	(9,383)
	Listed and unlisted term finance certificates		(54,866)	(55,290)
	Listed shares and certificates		(25,329)	(13,405)
	Fair value of derivative financial instruments		-	401
			(85,204)	(77,677)
	Impairment loss on equity investments classified as 'available- for-sale' - transferred to profit and loss account		-	4,933
			(85,204)	(72,744)
	Related deferred tax asset - net		17,255	17,255
			(67,949)	(55,489)
<b>13</b>	<b>LONG-TERM FINANCE</b>			
	<b>Secured</b>			
	Local currency - banking companies	13.1	150,000	150,000
	Less: Current maturity of long-term finance		(100,000)	(100,000)
			50,000	50,000
<b>13.1</b>	The facility is secured by a first pari passu charge on Bank's movable assets and all receivables including leased assets and lease receivables with 25% margin. These carry mark-up at the of 16.02%(June 30, 2011: 16.02%) and are repayable latest by Dec 07, 2011.			
<b>14</b>	<b>BORROWINGS FROM FINANCIAL INSTITUTIONS</b>			
	<b>Secured</b>			
	Running finance utilized under mark-up arrangement	14.1	803,471	879,426
	Securities sold under repurchase agreements	14.2	2,626,892	3,281,731
			3,430,363	4,161,157
<b>14.1</b>	These carry mark-up at the rate ranging from 15.49% to 15.71% (June 30, 2011: 15.25% to 15.50%) per annum.			
<b>14.2</b>	These carry mark-up at the rate ranging from 12.60% to 15.00% (June 30, 2011: 12.60% to 14.25%) per annum and are repayable latest October 03, 2011.			

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**15 CONTINGENCIES AND COMMITMENTS**

**15.1** There has been no change in the status of contingencies as disclosed in last annual audited consolidated financial statements June 30, 2011.

	<b>(Un-audited) September 30, 2011</b>	<b>(Audited) June 30, 2011</b>
	----- (Rupees in '000) -----	
<b>15.2 Commitments</b>		
Commitment in respect of forward sale of shares	-	58,936
Commitment in respect of forward purchase of shares	-	-

	<b>Quarter ended</b>	
	<b>September 30, 2011</b>	<b>September 30, 2010</b>
	----- (Rupees in '000) -----	
<b>16 INCOME FROM INVESTMENTS</b>		
Interest / mark-up / profit on investments	147,777	108,735
Gain on disposal of investments	29,446	37,608
Dividend income	8,625	24,386
	<u>185,848</u>	<u>170,729</u>

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UN-AUDITED)**

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

**17 TRANSACTIONS WITH RELATED PARTIES**

Description	Quarter Ended September 30, 2011		
	Related parties including associated undertakings	Key management personnel	Total
----- (Rupees in '000) -----			
<b>Transactions during the period</b>			
Certificate of deposits issued	883,478	648	884,126
Certificates of deposit matured	204,200	209	204,409
Insurance premium paid	1,698	-	1,698
Sale of fixed assets	-	-	-
Purchase of marketable securities through IGI Finex	218,679	21,604	240,283
Sale of marketable securities through IGI Finex	159,240	29,617	188,857
Income from loan & finance	-	4	4
Brokerage, commission and fee earned	724	24	748
Sale of term finance certificates	40,536	-	40,536
Purchase of term finance certificates	40,544	-	40,544
Investment in mutual fund units	224,959	-	224,959
Redemption of mutual fund units	213,205	-	213,205
Sales of government securities	59,357	-	59,357
Purchase of government securities	-	-	-
Borrowings-secured & unsecured	90,000	-	90,000
Repayment of borrowings-secured & unsecured	179,217	-	179,217
Markup on borrowings-secured & unsecured	1,054	-	1,054
Return on certificate of deposits	4,154	2	4,156
Rent expense	3,949	-	3,949
Reimbursement of rent	15	-	15
Traveling and lodging	-	248	248
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund & IGI Aggressive Income Fund	17,531	-	17,531
Initial and annual Listing fee paid on behalf of IGI Capital Protected Fund	95	-	95
Sales load- IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund	1,903	-	1,903
Printing charges paid on behalf of IGI Stock Fund	-	-	-
Charge for the year in respect of employee benefit and contribution plan	1,154	-	1,154
Remuneration to key management personnel	-	10,906	10,906

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

**18. SEGMENTAL ANALYSIS**

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

**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.

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**Brokerage activities**

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

**Asset management services**

Asset management services include the services provided for the management of collective investment schemes.

	Quarter ended September 30, 2011				Total
	Financing activities	Investing activities	Brokerage activities	Asset Management services	
----- (Rupees in '000) -----					
Income from investments	-	192,100	-	115	192,215
Income from loans and advances	6,784	-	-	-	6,784
Income from lease finance	6,230	-	-	-	6,230
Income from lendings - secured	6,893	-	5,424	-	12,317
Remuneration from funds under management - net	-	-	-	11,264	11,264
Income from fees, commission and brokerage	-	8,798	12,533	-	21,331
<b>Total income for reportable segments</b>	<b>19,907</b>	<b>200,898</b>	<b>17,957</b>	<b>11,379</b>	<b>250,141</b>
Finance costs	(36,639)	(167,762)	(29,157)	(1)	(233,559)
Administrative and general expenses					
(excluding depreciation and amortization)	(3,154)	(7,141)	(11,521)	(7,876)	(29,692)
Depreciation and amortization	(272)	(2,745)	(2,036)	(225)	(5,278)
Provision for bad and doubtful debts					
(general and specific) - net	(16,705)	-	-	-	(16,705)
Provision against other assets	(306)	-	-	-	(306)
<b>Segment result</b>	<b>(37,169)</b>	<b>23,250</b>	<b>(24,757)</b>	<b>3,277</b>	<b>(35,399)</b>
Other operating income					38,360
Unallocated administrative expenses					(37,641)
Unallocated other operating expenses					(565)
<b>Loss before taxation</b>					<b>(35,245)</b>
Segment assets	1,256,826	4,560,326	1,048,254	109,732	6,975,138
Unallocated assets					1,426,357
					<u>8,401,495</u>
Segment liabilities	1,405,616	4,819,288	673,586	16,122	6,914,612
Unallocated liabilities					483,175
					<u>7,397,787</u>
Capital expenditure - tangible	25	252	254	30	561
Capital expenditure - intangible	-	-	125	-	125

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	Quarter ended September 30, 2010				Total
	Financing activities	Investing activities	Brokerage activities	Asset Management services	
----- (Rupees in '000) -----					
Income from investments	-	185,918	722	114	186,754
Income from loans and advances	18,969	-	-	-	18,969
Income from lease finance	23,381	-	-	-	23,381
Income from lendings - secured	14,987	-	5,424	-	20,411
Remuneration from funds under management - net	-	-	-	16,171	16,171
Income from fees, commission and brokerage	-	4,402	20,104	685	25,191
<b>Total income for reportable segments</b>	<b>57,337</b>	<b>190,320</b>	<b>26,250</b>	<b>16,970</b>	<b>290,877</b>
Finance costs	(31,492)	(153,058)	(16,106)	(1)	(200,657)
Administrative and general expenses (excluding depreciation and amortization)	(10,777)	(646)	(19,303)	(7,607)	(38,333)
Depreciation and amortization	(1,045)	(4,797)	(3,534)	(790)	(10,166)
Provision for bad and doubtful debts (general and specific) - net	-	-	-	-	-
Provision against other assets	(258)	-	-	-	(258)
<b>Segment result</b>	<b>13,765</b>	<b>31,819</b>	<b>(12,693)</b>	<b>8,572</b>	<b>41,463</b>
Other operating income					27,036
Unallocated administrative expenses					(45,358)
Unallocated other operating expenses					(1,507)
<b>Profit before Taxation</b>					<b>21,634</b>
Segment assets	1,444,728	5,494,775	129,570	82,896	7,151,969
Unallocated assets					3,052,483
					<u>10,204,452</u>
Segment liabilities	2,247,582	5,178,918	901,346	6,467	8,334,313
Unallocated liabilities					506,065
					<u>8,840,378</u>
Capital expenditure - tangible	1,479	6,790	1,853	1,920	12,042
Capital expenditure - intangible	-	-	65	-	65

**19. DATE OF AUTHORIZATION OF ISSUE**

The financial statements were approved by the Board of Directors and authorized for issue on October 26, 2011.

**20. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**SYED BABAR ALI**  
Chairman

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

**IGI Investment Bank Limited**

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