

**Quarterly Report
July - September**

2013

IGI
Investment Bank

CONTENTS

Company Information	02
Directors' Report to the Shareholders	03
Balance Sheet	05
Profit and Loss Account	06
Statement of Cash Flows	07
Statement of Changes in Equity	08
Notes to the Financial Statements	09
Consolidated Financial Statements	18
Consolidated Balance Sheet	19
Consolidated Profit and Loss Account	20
Consolidated Statement of Cash Flows	21
Consolidated Statement of Changes in Equity	22
Notes to the Consolidated Financial Statements	23

COMPANY INFORMATION

Audit Committee

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

H.R&R Committee

Mr. Towfiq Chinoy, Chairman
Mr. Farid Khan
Mr. Khalid Yacob
Mr. Tariq Quraishi

Auditors

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

Legal Advisors

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

Bankers

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

Shares Registrar

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

Lahore Registered Office

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

Karachi Office

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

Islamabad Office

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

UAN

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

Website

www.igiinvestmentbank.com.pk

Email

contact.center@igi.com.pk

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of IGI Investment Bank Limited is pleased to submit the un-audited condensed interim financial statements for the quarter ended September 30, 2013.

During the first quarter of financial year 2013-2014, the NBFC sector has continued to face impediments in its business activities.

Financial Summary

	Rupees in thousands	
	Sep 30, 2013	Sep 30, 2012
Gross Revenue	9,932	118,831
Loss for the quarter before taxation	97,779	241,581
Taxation – net	(137)	64,135
Loss for the quarter after taxation	97,916	177,446
Loss per Share (In Rupee)	0.46	0.84
	Sep 30, 2013	June 30, 2013
Total Assets	1,304,912	1,510,253

The Bank is currently facing financial difficulties as detailed below:

- The accumulated losses of the Bank at the end of the current period amounted to Rs. 2,188 million.
- The Bank has not met the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities.

Further, during the last financial year, licenses of the Bank in respect of undertaking leasing and investment finance services expired which are pending renewal by the SECP.

The SECP has further directed the Bank not to raise any further deposits or roll over existing deposits. However, the SECP has permitted the Bank to roll over existing deposits of a major shareholder holding 42.006% of the shares of the Bank, and raise fresh deposits from its sponsor, subject to certain conditions with respect to repayment of deposits from the sponsor.

- The above shortfall in the equity resulted in certain other non-compliances with the requirements of the NBFC Regulations; and
- No new loans and leases were disbursed in the current period.

The above mentioned factors indicate the existence of a material uncertainty about the Bank's ability to continue as a going concern. Despite the above indicators, the management believes that the Bank will be able to continue as a going concern in view of the following mitigating factors:

- The Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Bank will be solvent and will be able to meet its obligations as and when they become due. The above forecast is based on the following significant assumptions / factors:

DIRECTORS' REPORT TO THE SHAREHOLDERS

- a) subsequent to the period end the Bank has received Rs.199.735 million from the sale of its wholly owned subsidiary, IGI Funds Limited in accordance with the terms of Amended and Restated Share Purchase Agreement signed between the Bank and Alfalah GHP Investment Management Limited. This amount will be available to support the operations of the Bank in the ensuing year;
 - b) the management has been exerting maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. In this regard, the Bank made significant recoveries out of classified portfolios during the previous financial year ended June 30, 2013 and in the current quarter. The Bank continues to focus on making aggressive recoveries in the future as well. The management expects to make considerable recoveries in the current year;
 - c) assets acquired in satisfaction of claims amounting to Rs.69,843 million are expected to be sold within the next twelve months resulting in additional liquidity for the Bank;
 - d) a major shareholder holding 42.006% of the shares of the Bank, has confirmed in writing that Certificates of Deposit aggregating to Rs.255 million will be rolled over for a period of not less than twelve months from June 30, 2013, the end of previous financial year; and
 - e) the sponsor of the Bank is committed to provide continuing financial support to the 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.
- The management of the 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 management believes that the Bank will be able to continue as a going concern and meet its obligations towards its creditors in view of the mitigating factors stated herein. The broad strategic thrust of the Bank continues to remain on fee based businesses and to repay the high cost of deposits. Further, our emphasis on recovery of our infected portfolio will continue in future as well and the services of our corporate marketing staff will continue to be fully utilized for this purpose.

We are thankful to our shareholders, valued customers and business partners for their continued support. We also want to express our gratitude and appreciation to all our employees who have worked tirelessly despite the financial difficulties that the Bank is currently facing. We appreciate their hard work, loyalty and dedication.

For & on behalf of the Board

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

Date: January 31, 2014.

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2013

ASSETS	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Fixed assets	4	17,636	18,917
Long-term investments	5	246,376	245,930
Long-term loans and advances - net	6	5,323	7,632
Net investment in finance lease	7	-	2,403
Long-term deposits		4,669	4,669
		274,004	279,551
Current assets			
Assets acquired in settlement of claims	8	69,843	69,843
Current maturity of non-current assets		325,786	405,513
Short-term loans and advances		192	480
Short-term investments	9	140,150	167,563
Taxation - net		238,773	238,664
Prepayments and other receivables	10	23,371	22,718
Interest, mark-up and profit accrued		285	2,413
Cash and bank balances	11	32,755	123,755
		831,155	1,030,949
Non-current assets held-for-sale	12	199,753	199,753
TOTAL ASSETS		<u>1,304,912</u>	<u>1,510,253</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,121,025	2,121,025
Reserves		136,831	136,831
Accumulated loss		(2,188,275)	(2,090,359)
		69,581	167,497
Deficit on revaluation of investments - net of tax		(764)	1,367
		68,817	168,864
Non-current liabilities			
Long-term certificates of deposit		183,212	197,274
Long-term deposits under lease contracts		908	1,048
		184,120	198,322
Current liabilities			
Current maturity of non-current liabilities		431,530	454,689
Short-term certificates of deposit		534,065	610,016
Interest and mark-up accrued		33,463	35,328
Trade and other payables	13	52,917	43,034
		1,051,975	1,143,067
TOTAL LIABILITIES		<u>1,236,095</u>	<u>1,341,389</u>
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		<u>1,304,912</u>	<u>1,510,253</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

Income	Note	Quarter Ended	
		September 30, 2013	September 30, 2012
		----- (Rupees in '000) -----	
Income from investments	15	3,384	95,294
Income from loans and advances		381	2,610
Income from lease finance		4,719	5,638
Income from lendings - secured		-	4,026
Income from fees, commission and brokerage		1,312	6,973
		9,796	114,541
Loss / (gain) on termination of lease finance		6,326	(1,242)
Finance costs		26,205	85,272
		(22,735)	30,511
Administrative and general expenses		(14,720)	32,181
		(37,455)	(1,670)
Other operating income		136	4,290
		(37,319)	2,620
Other operating expenses		(379)	394
Operating (loss) / profit before provisions		(37,698)	2,226
Provision for bad and doubtful loans and advances / lease losses - specific - net		(63,281)	(149,657)
Impairment against term finance certificates - net		-	(94,150)
Gain on sale of term finance certificate		3,200	-
		(60,081)	(243,807)
(Loss) / profit before taxation		(97,779)	(241,581)
Taxation - net		(137)	64,135
(Loss) / profit after taxation		(97,916)	(177,446)
Other comprehensive income - net of tax		-	-
Total comprehensive (loss) / income		(97,916)	(177,446)
		----- (Rupee) -----	
Loss per share		(0.46)	(0.84)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Quarter Ended	
	September 30, 2013	September 30, 2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(26,599)	(241,581)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	-	(1,726)
Depreciation on property and equipment	1,147	2,372
Amortisation on intangible assets	134	313
Interest, mark-up and profit	(8,662)	(95,926)
Dividend income	-	(13,915)
Finance costs	26,205	85,272
Provision for bad and doubtful loans and advances / lease losses - specific - net	63,281	149,657
Gain on sale of term finance certificate	(3,200)	-
Impairment against term finance certificates	-	94,150
	<u>78,905</u>	<u>220,197</u>
	(18,874)	(21,384)
Decrease / (Increase) in current assets:		
Short-term loans and advances	(288)	2,506
Lendings - secured	-	(100,000)
Short-term investments	28,036	(79,232)
Deposits, prepayments and other receivables	(653)	(3,131)
	<u>27,095</u>	<u>(179,857)</u>
(Decrease) / increase in current liabilities:		
Short-term certificates of deposit	(75,951)	472,510
Trade and other payables	9,883	3,615
	<u>(66,068)</u>	<u>476,125</u>
	(57,847)	274,884
Repayments / (Disbursements) of long-term loans and advances - net	3,483	(14,251)
Net recovery from finance lease	18,251	52,944
Long-term deposits	-	(54)
(Repayments) / disbursement of long-term certificates of deposit - net	(31,609)	(274,546)
Payments of deposits under lease contracts	(5,752)	(13,799)
Interest, mark-up and profit received	10,790	84,971
Finance cost paid	(28,070)	(95,248)
Income tax paid	(246)	(1,277)
Net cash generated from operating activities	<u>(33,153)</u>	<u>(261,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(856)
(Purchase) / proceeds of long-term investments - net	-	(100,000)
Proceeds from disposal of fixed assets	-	3,227
Net cash flows generated from investing activities	<u>-</u>	<u>(97,629)</u>
Net cash flows used in financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	<u>(91,000)</u>	<u>(84,005)</u>
Cash and cash equivalents at the beginning of the period	<u>123,755</u>	<u>126,282</u>
Cash and cash equivalents at the end of the period	<u><u>32,755</u></u>	<u><u>42,277</u></u>
Cash and cash equivalents at the end of the period		
Cash and bank balances	32,755	42,277
Running finance utilised under mark-up arrangement	-	-
	<u><u>32,755</u></u>	<u><u>42,277</u></u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Issued, subscribed and paid-up capital	Reserves		Total	
		Capital	Revenue		
		Statutory reserve	General reserve Accumulated profit / (loss)		
----- (Rupees in '000) -----					
Balance as at July 01, 2012	2,121,025	97,098	39,733	(1,007,486)	1,250,370
Loss after taxation for the quarter ended September 30, 2012	-	-	-	(177,446)	(177,446)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(177,446)	(177,446)
Balance as at September 30, 2012	2,121,025	97,098	39,733	(1,184,932)	1,072,924
Balance as at July 01, 2013	2,121,025	97,098	39,733	(2,090,359)	167,497
Loss after taxation for the quarter ended September 30, 2013	-	-	-	(97,916)	(97,916)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(97,916)	(97,916)
Balance as at September 30, 2013	2,121,025	97,098	39,733	(2,188,275)	69,581

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SYED BABAR ALI
Chairman

TARIQ HASAN QURAIISHI
Managing Director & Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 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 Maratib Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

The Pakistan Credit Rating Agency (PACRA) has assigned the Bank a rating of 'A-' (long-term credit rating) and 'A2' (short-term credit rating) on February 13, 2013.

1.2 These condensed interim financial statements are the separate financial statements of the Bank. In addition to these condensed interim financial statements, condensed interim 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 condensed interim consolidated financial statements of the Group.

1.3 The Bank is currently facing financial difficulties as detailed below:

- The accumulated losses of the Bank at the end of the current period amounted to Rs. 2,188 million;
- The Bank has not met the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities;

Further, during the last financial year, licenses of the Bank in respect of undertaking leasing and investment finance services expired which are pending renewal by the SECP;

The SECP has further directed the Bank not to raise any further deposits or roll over existing deposits. However, the SECP has permitted the Bank to roll over existing deposits of a major shareholder holding 42.006% of the shares of the Bank, and raise fresh deposits from its sponsor, subject to certain conditions with respect to repayment of deposits from the sponsor;

The above shortfall in the equity resulted in certain other non-compliances with the requirements of the NBFC Regulations; and

- No new loans and leases were disbursed in the current period.

The above mentioned factors indicate the existence of a material uncertainty about the Bank's ability to continue as a going concern. Despite the above indicators, the management believes that the Bank will be able to continue as a going concern in view of the following mitigating factors:

- The Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that the Bank will be solvent and will be able to meet its obligations as and when they become due. The above forecast is based on the following significant assumptions / factors:
 - a) subsequent to the period end the Bank has received Rs.199.735 million from the sale of its wholly owned subsidiary, IGI Funds Limited in accordance with the terms of Amended and Restated Share Purchase Agreement signed between the Bank and Alfalah GHP Investment Management Limited. This amount will be available to support the operations of the Bank in the ensuing year;

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

- b) the management has been exerting maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. In this regard, the Bank made significant recoveries out of classified portfolios during the previous financial year ended June 30, 2013 and in the current quarter. The Bank continues to focus on making aggressive recoveries in the future as well. The management expects to make considerable recoveries in the current year;
 - c) assets acquired in satisfaction of claims amounting to Rs.69.843 million are expected to be sold within the next twelve months resulting in additional liquidity for the Bank;
 - d) a major shareholder holding 42.006% of the shares of the Bank, has confirmed in writing that Certificates of Deposit aggregating to Rs.255 million will be rolled over for a period of not less than twelve months from June 30, 2013, the end of previous financial year; and
 - e) the sponsor of the Bank is committed to provide continuing financial support to the 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.
- The management of the 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.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Bank for the quarter ended September 30, 2013 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, 2013.
- 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, 2013.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
4. FIXED ASSETS			
Property and equipment	4.1	16,962	18,109
Intangible assets		674	808
		17,636	18,917
4.1 Property and equipment			
Opening written down value		18,109	55,033
Additions:			
Office equipment		-	25
Computer equipment		-	167
		-	192
Less: Disposals at written down value			
Furniture and fittings		-	(2)
Motor vehicles		-	(7,829)
Computer equipment		-	(68)
		-	(7,899)
Transferred to asset acquired in settlement of claim		-	(22,329)
Depreciation for the period / year		1,147	6,888
Closing written down value		16,962	18,109
5. LONG-TERM INVESTMENTS			
Related parties - at cost			
Investment in unquoted subsidiary companies		895,029	895,029
Others - available-for-sale - at cost			
Investment in unquoted companies		102,179	102,179
Investment in quoted company	5.1	47,355	47,355
Investment in unquoted preference shares		20,000	20,000
		1,064,563	1,064,563
Less: Impairment against investments		(618,880)	(618,880)
Add: Surplus on revaluation of investment in quoted company		446	-
Less: Transferred to Non-current assets classified as 'held-for-sale'	5.2	(199,753)	(199,753)
		246,376	245,930
5.1	<p>During the year ended June 30, 2013, the majority of the lenders entered into a restructuring agreement in respect of the outstanding liabilities of Azgard Nine Limited (ANL). In terms of the said restructuring, the Bank has received 1,352,992 ordinary shares of Agritech Limited at a price of Rs.35 per share which were previously owned by ANL, in order to partially settle the liabilities of ANL. At the year end, the above shares have been marked to market and the impairment loss has been recognised to the extent of Rs.31.687 million in accordance with the accounting policy of the Bank.</p> <p>The ordinary shares of Agritech Limited are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) between the ANL and various lenders including the Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.</p>		
5.2	<p>The Bank's investment in IGI Funds Limited (IGIFL) has been transferred to 'non-current assets held-for-sale' due to the reasons stated in note 12.1 to these condensed interim financial statements.</p>		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
6. LONG-TERM LOANS AND ADVANCES - NET			
Secured and considered good - due from:			
Related parties			
Executives		473	624
Others			
Employees		17	29
Companies, organisations and individuals		16,732	19,573
		16,749	19,602
Considered doubtful			
Others			
Companies, organisations and individuals - secured		220,546	220,743
Individuals - unsecured		19,097	19,091
		239,643	239,834
Less: Provision thereagainst		(227,592)	(219,466)
		12,051	20,368
		29,273	40,594
Less: Current maturity of long-term loans and advances - net		(23,950)	(32,962)
		5,323	7,632
7. NET INVESTMENT IN FINANCE LEASE			
Lease rental receivables		308,452	321,684
Add: Residual value		238,803	244,556
		547,255	566,240
Less: Unearned finance income		(1,731)	(2,465)
		545,524	563,775
Less: Provision for lease losses		(243,688)	(188,821)
Less: Current maturity of net investment in finance lease		(301,836)	(372,551)
		-	2,403
8. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS			
Office Building	8.1	16,721	16,721
Office Building and shops	8.2	46,906	46,906
Commercial shops	8.3	6,216	6,216
		69,843	69,843

8.1 This office building was transferred during the year from fixed assets as the management does not intend to use it for their own purpose. The office premises has been revalued to Rs.16.721 million on the basis of valuation carried out by Rizvi Associates (Pvt) Limited as at June 12, 2013. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local evaluators in the vicinity and on the basis of present physical condition and location of the property.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

- 8.2** This represents office premises, transferred in the name of the Bank against settlement of fully provided term finance certificates of Al-Zamin Leasing Modaraba amounting to Rs.66.17 million, in accordance with the settlement agreement dated July 04, 2012. The title of the property has been transferred in the name of the Bank through a sale deed dated November 10, 2012 and the possession vide letter dated December 29, 2012. The fair value of the property is Rs.46.906 million as at June 01, 2013, which has been arrived at on the basis of valuation carried out by Maricon Consultants (Pvt) Limited. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local evaluators in the vicinity and on the basis of present physical condition and location of the property.
- 8.3** This represents commercial premises, transferred in the name of the Bank against settlement of fully provided outstanding finance facilities to Saudi Pak Leasing Company Limited. (SPLCL) amounting to Rs.13.750 million, in accordance with the settlement agreement dated May 20, 2013. The transfer of title of the property is in process (sale deeds submitted at Cantonment Board office) and physical possession of the properties has been obtained on June 19, 2013. The commercial premises have been revalued to Rs.6.216 million on the basis of valuation carried out by Rizvi Associates (Pvt) Limited as at June 10, 2013. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local evaluators in the vicinity and on the basis of present physical condition and location of the property.

	(Un-audited) September 30, 2013	(Audited) June 30, 2013
	----- (Rupees in '000) -----	
9. SHORT-TERM INVESTMENTS		
Held-for-trading		
Pakistan Investment Bonds (PIBs)	46,363	49,471
Market treasury bills	82,449	104,043
	128,812	153,514
Available-for-sale		
Listed term finance certificates	58,075	74,071
Unlisted term finance certificates	117,635	120,444
	175,710	194,515
	304,522	348,029
Impairment loss on term finance certificates	(164,372)	(180,466)
	140,150	167,563

- 9.1** In accordance with the requirements of NBFC Regulations, the Bank has invested Rs.128.812 million (June 30, 2013: Rs. 153.514 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, 2013

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
10. PREPAYMENTS AND OTHER RECEIVABLES	Note	----- (Rupees in '000) -----	
Prepayments			
Rent		731	651
Others		2,072	1,590
Other receivables - net Secured - considered good			
Assets repossessed in respect of terminated lease contracts		1,028	1,028
Excise duty paid on behalf of customers		4,471	4,471
Accrued commission / fee income	10.1	1,142	1,731
Others	10.2	10,677	8,527
Unsecured and considered doubtful			
Federal excise duty receivable from customer		1,941	1,941
Receivable from lessees in satisfaction of claims		20,610	20,859
Insurance rentals receivable		-	1,502
Assets repossessed in respect of terminated lease contracts		7,137	7,137
		29,688	31,439
		49,809	49,437
Less: Provision against bad and doubtful receivables		(26,438)	(26,719)
		23,371	22,718
10.1	This includes commission aggregating to Rs. 0.09 million (June 30, 2013: Rs.0.5 million) due from IGI Finex Securities Limited (subsidiary company).		
10.2	Included herein is a sum of Rs.2.3 million (June 30, 2013: Rs.2.3 million) representing an amount deposited with Honorable High Court of Sindh (SHC) in respect of assets repossessed and sold subsequently upon termination of lease contract.		
11. CASH AND BANK BALANCES			
In hand		55	56
In current accounts			
State Bank of Pakistan		164	1,498
Others			
Local currency		22,146	503
Foreign currency		1,285	1,285
		23,431	1,788
In saving accounts			
Local currency	11.1	9,105	120,413
		32,755	123,755
11.1	These represent deposit accounts with commercial banks carrying mark-up at the rate ranging between 6.5% to 9% (June 30, 2013: 6% to 11%) per annum.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
12. NON-CURRENT ASSETS HELD-FOR-SALE			
Investment in IGI Funds Limited -a wholly owned subsidiary	12.1	<u>199,753</u>	<u>199,753</u>
12.1	<p>Following the execution of Amended and Restated Share Purchase Agreement (SPA) between the Bank and Alfalah GHP Investment Management Limited dated May 22, 2013, the shareholders of the Bank in their extra ordinary general meeting held on May 27, 2013 resolved, subject to all regulatory approvals, the sale and transfer (through simultaneous acquisition and merger) to Alfalah GHP Investment Management Limited, the entire shareholding of the Bank in IGI Funds Limited (IGIFL) for a sale price of Rs.175 million, subject to such adjustments as made in accordance with the terms of the SPA. Subsequent to the year end, the SECP on October 04, 2013 has issued the sanction order vide its letters no. SCD/NBFC-IIIIGIFL & AFGHP/742/2013 for sanction of the scheme in terms of section 282L of the Companies Ordinance, 1984, to be effective from October 15, 2013. Based on the audited financial statements of IGIFL as at October 14, 2013, the impact of above adjustments amounts to Rs.24.753 million. Accordingly, as at June 30, 2013, the investment in IGIFL has been reclassified to 'non-current assets held-for-sale', resulting in the total carrying amount of Rs.199.753 million at the year end in accordance with the requirement of IFRS-5 "Non-current Assets Held for sale and Discontinued Operations".</p>		
13. TRADE AND OTHER PAYABLES			
Accrued expenses		7,069	6,351
Payable to customers on account of excess recoveries		3,028	3,028
Unclaimed dividends		305	305
Withholding tax payable		14	246
Advances from lessees		15,208	14,524
Payable to IGI Insurance Limited - a related party		15,550	11,474
Others		<u>11,743</u>	<u>7,106</u>
		<u>52,917</u>	<u>43,034</u>
14. CONTINGENCIES AND COMMITMENTS			
14.1	<p>There has been no change in the status of contingencies as disclosed in the financial statements for the year ended June 30, 2013.</p>		
15. INCOME FROM INVESTMENTS			
		Quarter Ended	
		September 30, 2013	September 30, 2012
		----- (Rupees in '000) -----	
Interest / mark-up / profit on investments		3,426	79,846
(Loss) / Gain on disposal of investments		(42)	1,533
Dividend income		-	13,915
		<u>3,384</u>	<u>95,294</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

16. TRANSACTIONS WITH RELATED PARTIES

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

Description	Quarter ended September 30, 2013					Total
	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	
Transactions during the period						
	----- (Rupees in '000) -----					
Certificates of deposit issued	-	70,000	-	-	-	70,000
Certificates of deposit matured	-	70,000	-	-	-	70,000
Dividend received	-	-	-	-	-	-
Insurance premium paid	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Lendings - secured	-	-	-	-	-	-
Repayment of secured lendings	-	-	-	-	-	-
Purchase of marketable securities	-	-	-	-	-	-
Sale of marketable securities	-	-	-	-	-	-
Sale of term finance certificates	-	-	-	-	-	-
Purchase of term finance certificates	-	-	-	-	-	-
Group shared services (see note 16.2)	4,146	147	-	-	-	4,293
Investment in mutual fund units	-	-	-	-	-	-
Redemption of mutual fund units	-	-	-	-	-	-
Sale of government securities	-	-	-	-	6,000	6,000
Purchase of government securities	-	-	-	-	-	-
Income from loans and advances	-	-	-	15	-	15
Borrowings - secured & unsecured	-	-	-	-	-	-
Repayment of borrowings - secured & unsecured	-	-	-	-	-	-
Markup on borrowings-secured & unsecured	-	-	-	-	-	-
Brokerage, commission and fees paid	-	-	-	-	-	-
Return on certificates of deposit	-	2,621	-	-	-	2,621
Rent expense	-	-	-	-	160	160
Reimbursement of rent	-	-	-	-	-	-
Charge for the year in respect of employee benefit and contribution plan	-	-	-	-	310	310

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

Description	Quarter ended September 30, 2012					
	Entity having significant influence over the Bank	Subsidiaries	Associates	Key management personnel	Other related parties	Total
	(Rupees in '000)					
Transactions during the period						
Certificates of deposit issued	-	-	-	-	593,541	593,541
Certificates of deposit matured	-	-	-	-	559,188	559,188
Dividend received	-	-	-	-	-	-
Insurance premium paid	1,229	-	-	-	-	1,229
Purchase of fixed assets	-	25	-	-	-	25
Sale of fixed assets	1,571	-	-	-	-	1,571
Lendings - secured	-	-	-	-	-	-
Repayment of secured lendings	-	-	-	-	-	-
Purchase of marketable securities	-	-	-	-	-	-
Sale of marketable securities	-	-	-	-	-	-
Sale of term finance certificates	-	-	-	-	-	-
Purchase of term finance certificates	-	-	-	-	-	-
Group shared services (see note 16.2)	4,521	172	-	-	28	4,721
Investment in mutual fund units	-	-	300,000	-	-	300,000
Redemption of mutual fund units	-	-	200,000	-	-	200,000
Sale of government securities	61,562	-	-	489	86,126	148,177
Purchase of government securities	-	-	-	-	-	-
Income from loans and advances	-	-	-	37	-	37
Borrowings - secured & unsecured	-	-	-	-	-	-
Repayment of borrowings-secured & unsecured	-	-	-	-	-	-
Markup on borrowings-secured & unsecured	-	-	-	-	-	-
Brokerage, commission and fees paid	-	2,007	-	-	-	2,007
Return on certificates of deposit	-	-	-	-	15,371	15,371
Rent expense	4,356	-	-	-	317	4,673
Reimbursement of rent	-	1,274	-	-	-	1,274
Reimbursement of subscription expense	-	-	-	-	-	-
Charge for the year in respect of employee benefit and contribution plan	-	-	-	-	797	797

16.2 Group shared services

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

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on January 31, 2014 by the Board of Directors of the Bank.

18. GENERAL

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

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2013

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
ASSETS	Note	----- (Rupees in '000) -----	
Non-current assets			
Fixed assets	5	50,856	52,818
Investment property		13,464	13,565
Long-term investments	6	90,293	89,847
Long-term loans and advances - net	7	5,323	7,632
Net investment in finance lease	8	-	2,403
Long-term deposits		10,454	10,454
Deferred tax assets - net		309,079	309,266
		479,469	485,985
Current assets			
Assets acquired in settlement of claims	9	69,843	69,843
Current maturity of non-current assets		325,786	405,513
Short-term loans and advances		707	1,027
Short-term investments	10	140,150	167,563
Trade debts - net	11	48,726	299,295
Deposits, prepayments and other receivables		162,878	205,986
Interest, mark-up and profit accrued		2,888	4,142
Taxation - net		267,266	266,148
Cash and bank balances		62,824	147,472
		1,081,068	1,566,989
Assets classified as held for sale		212,794	211,224
TOTAL ASSETS		<u>1,773,332</u>	<u>2,264,198</u>
EQUITY & LIABILITIES			
Capital and reserves			
Share capital		2,121,025	2,121,025
Reserves		115,190	115,190
Accumulated loss		(2,475,724)	(2,386,168)
Equity attributable to shareholders		(239,509)	(149,953)
Advance against issue of preference shares	12	650,000	650,000
		410,491	500,047
Non-controlling interest		-	-
TOTAL EQUITY		410,491	500,047
Deficit on revaluation of investments - net of tax		(764)	1,367
		409,727	501,414
Non-current liabilities			
Long-term certificates of deposit		183,212	197,274
Long-term deposits under lease contracts		908	1,048
		184,120	198,322
Current liabilities			
Current maturity of non-current liabilities		431,530	454,689
Short-term certificates of deposit		464,065	540,016
Interest and mark-up accrued		32,709	34,574
Trade and other payables		230,634	514,837
		1,158,938	1,544,116
Liabilities directly associated with the assets classified as 'held for sale'		20,547	20,346
TOTAL LIABILITIES		<u>1,363,605</u>	<u>1,762,784</u>
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		<u>1,773,332</u>	<u>2,264,198</u>

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

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Note	Quarter Ended	
		September 30, 2013	September 30, 2012
----- (Rupees in '000) -----			
Continuing operations			
Income			
Income from investments	14	3,384	95,294
Income from loans and advances		381	2,610
Income from lease finance		4,719	5,638
Income from lendings - secured		-	4,026
Remuneration from funds under management - net		-	-
Income from fees, commission and brokerage		17,069	17,156
		25,553	124,724
 (Loss) / gain on termination of lease finance			1,242
Finance costs		(24,458)	(85,363)
		1,095	40,603
 Administrative and general expenses		(34,498)	(49,866)
		(33,403)	(9,263)
 Other operating income		3,616	9,748
		(29,787)	485
 Other operating expenses		(479)	(494)
Operating loss before provisions and share of loss in associates		(30,266)	(9)
 Provision for bad and doubtful loans and advances / lease losses - specific - net		(63,281)	(149,657)
Impairment against term finance certificate - net		-	(94,150)
Gain on sale of term finance certificate		3,200	-
		(60,081)	(243,807)
		(90,347)	(243,816)
 Share of profit / (loss) in associates		-	6,209
Loss before taxation from continuing operations		(90,347)	(237,607)
 Taxation -net		(580)	64,412
Loss from continuing operations		(90,927)	(173,195)
 Discontinued operations			
Profit after tax from discontinued operations	15	1,371	1,121
Loss for the quarter		(89,556)	(172,074)
 Other comprehensive income - net of tax		-	-
Total comprehensive loss - net of tax		(89,556)	(172,074)
 (Loss) / gain attributable to non-controlling interest		-	-
Loss attributable to shareholders		(89,556)	(172,074)
		----- (Rupee) -----	
 Loss per share		(0.43)	(0.82)

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

SYED BABAR ALI
Chairman

TARIQ HASAN QURAIISHI
Managing Director & Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Quarter Ended	
	September 30, 2013	September 30, 2012
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period before taxation	(90,347)	(236,332)
Adjustments for non cash and other items:		
Gain on disposal of fixed assets	-	(4,623)
Depreciation on property and equipment and investment property	2,271	3,972
Amortization on intangible assets	172	363
Interest, mark-up and profit income	(10,816)	(98,284)
Dividend income	-	(13,915)
Finance cost	26,206	85,365
Share of profit in associates	-	(6,209)
Gain on settlement of investments	(3,296)	-
Provision against other assets	-	50
Impairment against Term Finance Certificates - net	-	94,150
Provision for bad and doubtful loans and advances / lease losses - specific - net	63,281	149,657
	<u>77,818</u>	<u>210,526</u>
	(12,529)	(25,806)
(Increase) / decrease in current assets:		
Short-term loans and advances	(256)	3,004
Lendings - secured	-	(100,000)
Short-term investments	28,036	(79,256)
Trade debts - net	250,569	22,396
Deposits, prepayments and other receivables	46,629	(3,757)
	<u>324,978</u>	<u>(157,613)</u>
Increase / (decrease) in current liabilities:		
Short-term certificates of deposit	(75,951)	472,510
Trade and other payables	(288,779)	(30,538)
	<u>(364,730)</u>	<u>441,972</u>
	(52,281)	258,553
Repayment of long-term loans and advances - net	3,483	7,507
Net recovery from finance lease	18,251	31,186
Long-term deposits	-	(54)
(Repayments) / disbursements of long term certificates of deposit	(31,609)	(274,546)
Payments of deposits under lease contracts	(5,752)	(13,799)
Interest, mark-up and profit received	12,599	84,869
Finance cost paid	(28,071)	(95,341)
Income tax paid	(3,261)	(4,226)
Gratuity paid	-	-
Net cash (used in) / generated from operating activities	<u>(34,360)</u>	<u>(264,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(31)	(899)
Investment disposed in associates	-	(98,439)
(Purchase) / proceeds of long-term investments - net	1,500	-
Proceeds from disposal of fixed assets	-	6,381
Net cash generated from investing activities	<u>1,469</u>	<u>(92,957)</u>
Net cash (used in) / generated from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	<u>(85,172)</u>	<u>(98,808)</u>
Cash and cash equivalents at the beginning of the period	<u>218,440</u>	<u>182,851</u>
Cash and cash equivalents at the end of the period	<u>133,268</u>	<u>84,043</u>
Cash and cash equivalents at the end of the period		
Cash and bank balances	<u>133,268</u>	<u>84,043</u>
	<u>133,268</u>	<u>84,043</u>

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

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Equity attributable to shareholders								Total
	Reserves								
	Capital			Revenue					
	Issued, subscribed and paid-up capital	Reserve arising on acquisition of non- controlling interest	Statutory reserve	General reserve	Accumulated profit/(losses)	Total reserves	Advance against issue of preference shares	Non- controlling interest	
----- (Rupees in '000) -----									
Balance as at June 30, 2012	2,121,025	(21,686)	97,098	39,733	(1,728,036)	(1,612,891)	650,000	45	1,158,179
Loss after taxation for the quarter ended September 30, 2012	-	-	-	-	(172,074)	(172,074)	-	-	(172,074)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive income	-	-	-	-	(172,074)	(172,074)	-	-	(172,074)
Balance as at September 30, 2012	2,121,025	(21,686)	97,098	39,733	(1,900,110)	(1,784,965)	650,000	45	986,105
Balance as at June 30, 2013	2,121,025	(21,641)	97,098	39,733	(2,386,168)	(2,270,978)	650,000	-	500,047
Loss after taxation for the quarter ended September 30, 2013	-	-	-	-	(89,556)	(89,556)	-	-	(89,556)
Loss attributable to non-controlling Interest	-	-	-	-	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive loss	-	-	-	-	(89,556)	(89,556)	-	-	(89,556)
Balance as at September 30, 2013	2,121,025	(21,641)	97,098	39,733	(2,475,724)	(2,360,534)	650,000	-	410,491

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

SYED BABAR ALI
Chairman

TARIQ HASAN QURAIISHI
Managing Director & Chief Executive

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

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

100%

1.1 IGI Investment Bank Limited (IGI Bank)

1.1.1 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 Maratib Ali Road, Gulberg, Lahore. The principal place of business is situated at 7th Floor, the Forum, Suite No. 701 to 713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

1.1.2 The Pakistan Credit Rating Agency (PACRA) has assigned IGI Bank a rating of 'A-' (long-term credit rating) and at 'A2' (short-term credit rating) on February 13, 2013.

1.1.3 IGI Bank is currently facing financial difficulties as detailed below:

- The accumulated losses of IGI Bank at the end of the current period amounted to Rs. 2,188 million;
- IGI Bank has not met the minimum equity requirement as specified under the NBFC Regulations for NBFCs undertaking leasing and investment finance activities;

Further, during the last financial year, licenses of IGI Bank in respect of undertaking leasing and investment finance services expired which are pending renewal by the SECP;

The SECP has further directed IGI Bank not to raise any further deposits or roll over existing deposits. However, the SECP has permitted IGI Bank to roll over existing deposits of a major shareholder holding 42.006% of the shares of IGI Bank, and raise fresh deposits from its sponsor, subject to certain conditions with respect to repayment of deposits from the sponsor;

The above shortfall in the equity resulted in certain other non-compliances with the requirements of the NBFC Regulations; and

No new loans and leases were disbursed in the current period.

The above mentioned factors indicate the existence of a material uncertainty about IGI Bank's ability to continue as a going concern. Despite the above indicators, the management believes that IGI Bank will be able to continue as a going concern in view of the following mitigating factors:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

- IGI Bank has prepared cash flow forecast for a period of twelve months from the balance sheet date indicating that IGI Bank will be solvent and will be able to meet its obligations as and when they become due. The above forecast is based on the following significant assumptions / factors:
 - a) subsequent to the period end IGI Bank has received Rs.199.735 million from the sale of its wholly owned subsidiary, IGI Funds Limited in accordance with the terms of Amended and Restated Share Purchase Agreement signed between IGI Bank and Alfalah GHP Investment Management Limited. This amount will be available to support the operations of IGI Bank in the ensuing year;
 - b) the management has been exerting maximum focus and efforts on recoveries out of its classified loans, lease and investment portfolios. In this regard, IGI Bank made significant recoveries out of classified portfolios during the previous financial year ended June 30, 2013 and in the current quarter. IGI Bank continues to focus on making aggressive recoveries in the future as well. The management expects to make considerable recoveries in the current year;
 - c) assets acquired in satisfaction of claims amounting to Rs.69.843 million are expected to be sold within the next twelve months resulting in additional liquidity for IGI Bank;
 - d) a major shareholder holding 42.006% of the shares of IGI Bank, has confirmed in writing that Certificates of Deposit aggregating to Rs.255 million will be rolled over for a period of not less than twelve months from June 30, 2013, the end of previous financial year; and
 - e) the sponsor of IGI Bank is committed to provide continuing financial support to IGI 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.
- The management of IGI 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.

1.2 IGI Finex Securities Limited (IGI Finex)

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

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

1.3 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. IGI Funds obtained its Certificate of commencement of business on May 12, 2006. The name of IGI Funds was subsequently changed to "IGI Funds Limited" on July 11, 2006. IGI Funds 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 IGI Funds are floating and managing mutual funds. The registered office of IGI Funds is situated at 5 F.C.C Ground Floor, Syed Maratib Ali Road, Gulberg, Lahore.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

During the financial year ended June 30, 2013, IGI Bank and Alfalah GHP Investment Management Limited (AGIML) had entered into Sale Purchase Agreement (SPA) on 22 May 2013 and in this respect a scheme of arrangement for the acquisition and simultaneous merger of IGI Funds with and into AGIML was submitted to SECP on June 03, 2013. Subsequently, the SECP on October 04, 2013 issued the sanction order vide letter no. SCD/NBFC-II/IGIFL & AFGHP/742/2013 for sanction of the scheme in terms of section 282L of the Companies Ordinance, 1984 subject to the certain significant conditions. whereby AGIML would takeover IGI Funds by way of acquisition of 100% issued shares of IGI Funds by AGIML together with transfer of management control. Resultantly, IGI Funds was merged into AGIML and its licenses for operations and shares were cancelled and ceased to exist without being wound up on effective date, i.e. October 15, 2013.

2. BASIS OF PRESENTATION

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

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 condensed interim consolidated financial statements for the quarter ended September 30, 2013 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.

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

4. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual consolidated financial statements of IGI Bank for the year ended June 30, 2013.

	Note	(Un-audited) September 30, 2013	(Audited) June 30, 2013
----- (Rupees in '000) -----			
5. FIXED ASSETS			
Property and equipment	5.1	30,821	32,628
Intangible assets	5.2	20,035	20,190
		<u>50,856</u>	<u>52,818</u>
5.1 PROPERTY AND EQUIPMENT			
Opening written down value		32,628	76,711
Additions		31	563
Less: Disposals written down value		-	(8,584)
Transferred to asset acquired in settlement of claim	9.1	-	(22,329)
Transferred to assets classified as held for sale		-	(2,815)
Depreciation for the period / year		(1,838)	(10,918)
Closing written down value		<u>30,821</u>	<u>32,628</u>
5.2 INTANGIBLE ASSETS			
Opening written down value		20,190	77,126
Additions		-	200
Less: Transferred to assets classified as held for sale	6	-	(56,157)
Amortization for the period / year		(155)	(979)
Closing written down value		<u>20,035</u>	<u>20,190</u>
6. LONG-TERM INVESTMENTS			
Available for sale - at cost:			
Investment in unquoted companies		150,179	150,179
Investment in quoted company	6.1	47,355	47,355
Investment in unquoted preference shares		20,000	20,000
		217,534	217,534
Less: Impairment against investments		(127,687)	(127,687)
Less: Deficit against investment in quoted company		446	-
		<u>90,293</u>	<u>89,847</u>

6.1 During the year ended June 30, 2013, the majority of the lenders entered into a restructuring agreement in respect of the outstanding liabilities of Azgard Nine Limited (ANL). In terms of the said restructuring, the Bank has received 1,352,992 ordinary shares of Agritech Limited at a price of Rs.35 per share which were previously owned by ANL, in order to partially settle the liabilities of ANL. At the year end, the above shares have been marked to market and the impairment loss has been recognised to the extent of Rs.31.687 million in accordance with the accounting policy of the Bank.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
7. LONG-TERM LOANS AND ADVANCES - NET			
Secured and considered good - due from:			
Related parties			
Executives		473	624
Others			
Employees		17	29
Companies, organisations and individuals		16,732	19,573
		16,749	19,602
Considered doubtful			
Others			
Companies, organisations and individuals - secured		220,546	220,743
Individuals - unsecured		19,097	19,091
		239,643	239,834
Less: Provision thereagainst		(227,592)	(219,466)
		12,051	20,368
		29,273	40,594
Less: Current maturity of long-term loans and advances - net		(23,950)	(32,962)
		5,323	7,632
8. NET INVESTMENT IN FINANCE LEASE			
Lease rental receivables		308,452	321,684
Add: Residual value		238,803	244,556
		547,255	566,240
Less: Unearned finance income		(1,731)	(2,465)
		545,524	563,775
Less: Provision for lease losses		(243,688)	(188,821)
Less: Current maturity of net investment in finance lease		(301,836)	(372,551)
		-	2,403
9. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS			
Office Building	9.1	16,721	16,721
Office Building and shops	9.2	46,906	46,906
Commercial shops	9.3	6,216	6,216
		69,843	69,843
9.1	This office building was transferred during the year from fixed assets as the management does not intend to use it for their own purpose. The office premises has been revalued to Rs.16.721 million on the basis of valuation carried out by Rizvi Associates (Pvt) Limited as at June 12, 2013. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local evaluators in the vicinity and on the basis of present physical condition and location of the property.		
9.2	This represents office premises, transferred in the name of IGI Bank against settlement of fully provided term finance certificates of Al-Zamin Leasing Modaraba amounting to Rs.66.17 million, in accordance with the settlement agreement dated July 04, 2012. The title of the property has been transferred in the name of IGI Bank through a sale deed dated November 10, 2012 and the possession vide letter dated December 29, 2012. The fair value of the property is Rs.46.906 million as at June 01, 2013, which has been arrived at on the basis of valuation carried out by Maricon Consultants (Pvt) Limited. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local evaluators in the vicinity and on the basis of present physical condition and location of the property.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

- 9.3** This represents commercial premises, transferred in the name of IGI Bank against settlement of fully provided outstanding finance facilities to Saudi Pak Leasing Company Limited. (SPLCL) amounting to Rs.13.750 million, in accordance with the settlement agreement dated May 20, 2013. The transfer of title of the property is in process (sale deeds submitted at Cantonment Board office) and physical possession of the properties has been obtained on June 19, 2013. The commercial premises have been revalued to Rs.6.216 million on the basis of valuation carried out by Rizvi Associates (Pvt) Limited as at June 10, 2013. The valuation was arrived at by reference to detailed inspection of the subject property and numerous independent market inquiries from local evaluators in the vicinity and on the basis of present physical condition and location of the property.

	(Un-audited)	(Audited)
	September	June 30,
	30, 2013	2013
	----- (Rupees in '000) -----	
10. SHORT-TERM INVESTMENTS		
Held-for-trading		
Pakistan Investment Bonds (PIBs)	46,363	49,471
Market treasury bills	82,449	104,043
	128,812	153,514
Available-for-sale		
Listed term finance certificates	58,075	74,071
Unlisted term finance certificates	117,635	120,444
	175,710	194,515
	304,522	348,029
Impairment loss on term finance certificates	(164,372)	(180,466)
	140,150	167,563
11. Deposits, prepayments and other receivables		
Deposits		
Pakistan Mercantile Exchange Limited - margin deposit	13,766	13,562
Exposure deposits with Karachi Stock Exchange Limited	52,100	110,100
Others	4,411	4,411
	70,277	128,073
Prepaid expenses	6,142	4,096
Other receivables - net		
Secured - considered good		
Assets repossessed in respect of terminated lease contracts	5,748	1,028
Excise duty paid on behalf of customers	4,471	4,471
Accrued commission / fee income	1,142	1,731
Others	24,018	9,317
Unsecured and considered doubtful:		
Federal excise duty receivable from customer	1,941	1,941
Other receivables	25,583	25,583
Receivable from lessees in satisfaction of claims	20,610	20,859
Receivable against overdue reverse repurchase transaction	64,000	64,000
Insurance rentals receivable	-	1,502
Assets repossessed in respect of terminated lease contracts	-	7,137
	112,134	121,022
Less: Provision for bad and doubtful receivables	(61,054)	(63,752)
	162,878	205,986

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

			(Un-audited) September 30, 2013	(Audited) June 30, 2013
	Note		----- (Rupees in '000) -----	-----
12	ADVANCE AGAINST ISSUE OF PREFERENCE SHARES			
	Advance against issue of preference shares	12.1	<u>650,000</u>	<u>650,000</u>

- 12.1** During the financial year ended June 30, 2012, IGI Finex received Rs. 650 million in the form of interest free Subordinated Loan from Mr. Syed Babar Ali, Chairman – IGI Investment Bank Limited and a key sponsor of IGI Finex. On June 29, 2012, IGI Finex and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the Subordinated Loan into Preference Shares to be issued by IGI Finex to Mr. Syed Babar Ali accordingly.

The Subscription Agreement provides for issue of 65,000,000 preference shares at the rate of Rs. 10 per share and these shares will be non-voting, non-redeemable, non-convertible and non-cumulative. Further, under the Subscription Agreement, IGI Finex is to take steps for issuance and allotment of preference shares to Mr. Syed Babar Ali and to complete all requisite formalities in that connection.

Since IGI Finex is yet to complete formalities for issuance of the said preference shares, the amount has been reported as advance against issue of preference shares.

13. CONTINGENCIES AND COMMITMENTS

- 13.1** There are no changes in contingencies and commitments as disclosed in the consolidated financial statements for the year ended June 30, 2013.

			Quarter Ended	
			September 30, 2013	September 30, 2012
			----- (Rupees in '000) -----	-----
14.	INCOME FROM INVESTMENTS			
	Interest / mark-up / profit on investments		3,426	79,846
	(Loss) / gain on disposal of investments		(42)	1,533
	Dividend income		-	13,915
			<u>3,384</u>	<u>95,294</u>

15. DISCONTINUED OPERATIONS

15.1 IGI Funds Limited - wholly owned subsidiary

Following the execution of Amended and Restated Share Purchase Agreement (SPA) between the Group and Alfalah GHP Investment Management Limited dated May 22, 2013, the shareholders of the Group in their extra ordinary general meeting held on May 27, 2013 resolved, subject to all regulatory approvals, the sale and transfer (through simultaneous acquisition and merger) to Alfalah GHP Investment Management Limited, the entire shareholding of the Group in IGI Funds Limited (IGIFL) for a sale price of Rs.175 million, subject to such adjustments as made in accordance with the terms of the SPA. Subsequent to the year end, the SECP on October 04, 2013 has issued the sanction order vide its letters no. SCD/NBFC-IIIIGIFL & AFGHP/742/2013 for sanction of the scheme in terms of section 282L of the Companies Ordinance, 1984, to be effective from October 15, 2013. Based on the audited financial statements of IGIFL as at October 14, 2013, the impact of above adjustments amounts to Rs.24.753 million, resulting in a total fair value of Rs.199.753 million at the year end. Accordingly, as at June 30, 2013, the investment in IGIFL has been reclassified to non-current asset classified as a disposal group held for sale and as a discontinued operation and the underlying assets and liabilities of the disposal group have been re-measured at the lower of carrying value and fair value less cost to sell.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

		Quarter Ended	
		September 30, 2013	September 30, 2012
		----- (Rupees in '000) -----	
15.2	The results of IGI Funds Limited for the quarter are presented below:		
	Income		
	Income from investments	2,217	216
	Remuneration from funds under management - net	16,517	14,078
	Income from fees, commission and brokerage	-	-
		18,734	14,294
	Finance costs	(1)	(2)
		18,733	14,292
	Administrative and general expenses	(19,815)	(14,301)
		(1,081)	(9)
	Other operating income	2,641	1,743
		1,560	1,734
	Other operating expenses	-	(459)
		1,560	1,275
	Taxation - net	(189)	(154)
		1,371	1,121
	Profit for the year from discontinued operations	1,371	1,121
15.3	The major classes of assets and liabilities of IGI Funds Limited classified as 'held-for-sale' as at September 30, 2013 are as follows:		
		September 30, 2013	
		(Rupees in '000)	
	Assets		
	Fixed assets		2,924
	Long-term deposits		320
	Deferred tax asset - net		41,525
	Short-term loans and advances		172
	Investment in associates		124,671
	Short-term investments		2,234
	Deposits, prepayments and other receivables		18,691
	Interest, mark-up and profit accrued		86
	Taxation - net		21,728
	Cash and bank balances		443
	Assets classified as held for sale		212,794
	Liabilities		
	Trade and other payables		20,547
	Liabilities directly associated with assets classified as held for sale		20,547
			20,547
	Net assets directly associated with disposal group		192,247
		Quarter Ended	
		September 30, 2013	September 30, 2012
		----- (Rupees in '000) -----	
15.4	The net cash flows generated/incurred by IGI Funds Limited are as follows:		
	Operating activities	(3,834)	(3,383)
	Investing activities	3,309	2,297
	Financing activities	-	-
	Net cash (outflow) / inflow	(525)	(1,086)
15.5	Earnings per share of IGI Funds Limited are as follows:		
	Earnings	0.06	0.15

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees fund. The Group has a policy whereby all transactions with related parties are entered into at contractual rates. The following table provides the transactions with related parties, other than remuneration under the terms of employment to key management personnel. For information regarding outstanding balances as at September 30, 2013 and September 30, 2012, refer to respective notes.

Quarter ended September 30, 2013

Description	Entity having significant influence over the Bank	Associates	Key management personnel	Other related parties	Total
----- (Rupees in '000) -----					
Transactions during the period					
Certificates of deposit issued	-	-	-	-	-
Certificates of deposit matured	-	-	-	-	-
Dividend received	-	-	-	-	-
Insurance premium paid	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-
Purchase of marketable securities	-	-	1,707	324,045	325,752
Sale of marketable securities	-	-	2,167	384,116	386,283
Income from loans and advances	-	-	15	-	15
Brokerage, commission and fee earned	-	-	15	1,144	1,159
Group shared services (see note 16.1)	4,146	147	-	-	4,293
Investment in mutual fund units	-	-	-	-	-
Redemption of mutual fund units	-	-	-	-	-
Return on certificates of deposit	-	-	-	-	-
Sale of government securities	-	-	-	-	-
Rent expense	-	-	-	160	160
Reimbursement of rent	-	-	-	-	-
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund and IGI Capital Protected Fund	-	16,518	-	-	16,518
Sales load - IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund & IGI Money Market Fund, IGI Aggressive Income Fund	-	1,057	-	-	1,057
Legal and professional charges paid on behalf of IGI Aggressive Income Fund	-	-	-	-	-
Formation cost paid on behalf of IGI Sovereign Fund	-	-	-	-	-
Charge for the year in respect of employees benefit and contribution plan	-	-	-	310	310

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

Quarter ended September 30, 2012

Description	Entity having significant influence over the Bank	Associates	Key management personnel	Other related parties	Total
(Rupees in '000)					
Transactions during the period					
Certificates of deposit issued	-	-	-	593,541	593,541
Certificates of deposit matured	-	-	-	559,188	559,188
Dividend received	-	-	-	-	-
Insurance premium paid	1,926	-	-	-	1,926
Sale of fixed assets	2,656	-	-	-	2,656
Purchase of marketable securities	5,019	48,889	-	92,763	146,671
Sale of marketable securities	33,800	48,889	1,113	57,287	141,089
Income from loans and advances	-	-	37	-	37
Brokerage, commission and fee earned	208	44	27	507	786
Group shared services (see note 16.1)	4,521	-	-	28	4,549
Investment in mutual fund units	-	310,908	-	-	310,908
Redemption of mutual fund units	-	209,000	-	-	209,000
Return on certificates of deposit	-	-	-	15,371	15,371
Sale of government securities	61,562	-	489	86,126	148,177
Rent expense	4,356	-	-	-	4,356
Reimbursement of rent	-	-	-	-	-
Remuneration from IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund, IGI Money Market Fund, IGI Aggressive Income Fund and IGI Capital Protected Fund	-	14,078	-	-	14,078
Sales load - IGI Income Fund, IGI Stock Fund, IGI Islamic Income Fund & IGI Money Market Fund, IGI Aggressive Income Fund	-	345	-	-	345
Legal and professional charges paid on behalf of IGI Aggressive Income Fund	-	685	-	-	685
Formation cost paid on behalf of IGI Sovereign Fund	-	165	-	-	165
Charge for the year in respect of employees benefit and contribution plan	-	-	-	1,219	1,219

16.1 Group shared services

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

17. 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.

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, 2013			
	Financing activities	Investing activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	3,384	-	3,384
Income from loans and advances	381	-	-	381
Income from lease finance	4,719	-	-	4,719
Income from lendings - secured	-	-	-	-
Remuneration from funds under management - net	-	-	-	-
Income from fees, commission and brokerage	-	1,312	15,757	17,069
Total income for reportable segments	5,100	4,696	15,757	25,553
Finance costs	(11,790)	(12,562)	(106)	(24,458)
Administrative and general expenses (excluding depreciation and amortization)	(6,815)	(6,275)	(18,965)	(32,055)
Depreciation and amortization	(781)	(849)	(813)	(2,443)
Provision for bad and doubtful debts (general and specific) - net	(63,281)	-	-	(63,281)
Provision against other assets	-	-	-	-
Gain on sale of term finance certificate	3,200	-	-	3,200
Segment result	<u>(74,367)</u>	<u>(14,990)</u>	<u>(4,127)</u>	<u>(93,484)</u>
Other operating income				3,616
Unallocated administrative expenses				-
Unallocated other operating expenses				(479)
Loss before taxation				<u>(90,347)</u>
Segment assets	331,301	231,585	119,003	681,889
Unallocated assets				1,091,443
				<u>1,773,332</u>
Segment liabilities	965,595	184,120	177,717	1,327,432
Unallocated liabilities				36,173
				<u>1,363,605</u>
Capital expenditure - tangible	-	-	31	31
Capital expenditure - intangible	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Quarter ended September 30, 2012			
	Financing activities	Investing activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	101,503	-	101,503
Income from loans and advances	2,610	-	-	2,610
Income from lease finance	6,880	-	-	6,880
Income from lendings - secured	4,026	-	-	4,026
Remuneration from funds under management - net	-	-	-	-
Income from fees, commission and brokerage	-	6,973	10,183	17,156
Total income for reportable segments	13,516	108,476	10,183	132,175
Finance costs	(27,953)	(57,319)	(91)	(85,363)
Administrative and general expenses (excluding depreciation and amortization)	(2,813)	(5,801)	(8,687)	(17,301)
Depreciation and amortization	(297)	(2,387)	(1,334)	(4,018)
Provision for bad and doubtful debts (general and specific) - net	(149,657)	-	-	(149,657)
Provision against other assets	(50)	-	-	(50)
Impairment charge against investments	-	(94,150)	-	(94,150)
Segment result	<u>(167,254)</u>	<u>(51,181)</u>	<u>71</u>	<u>(218,364)</u>
Other operating income				11,569
Unallocated administrative expenses				(29,909)
Unallocated other operating expenses				(903)
Loss before taxation				<u>(237,607)</u>
Segment assets	<u>664,269</u>	<u>2,137,332</u>	<u>144,740</u>	2,946,341
Unallocated assets				1,329,745
				<u>4,276,086</u>
Segment liabilities	<u>1,187,741</u>	<u>1,921,834</u>	<u>118,824</u>	3,228,399
Unallocated liabilities				158,849
				<u>3,387,248</u>
Capital expenditure - tangible	<u>95</u>	<u>761</u>	<u>-</u>	856
Capital expenditure - intangible	<u>-</u>	<u>-</u>	<u>-</u>	-

18. DATE OF AUTHORIZATION OF ISSUE

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on January 31, 2014.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.

SYED BABAR ALI
Chairman

TARIQ HASAN QURAISHI
Managing Director & Chief Executive



7th floor, The Forum, Suite 701-713, Khayaban-e-Jami, Clifton, Karachi
Phone: (92-21) 111-234-234 Fax: (92-21) 111-567-567, 5301729