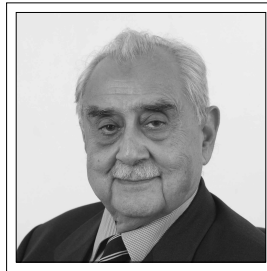


## CONTENTS

Board of Directors	02
Company Information	03
Company Profile	04
Key Management	04
Notice of Annual General Meeting	05
Summary of Key Operating and Financial Data	07
Directors' Report to the Shareholders	08
ڈائریکٹرز کی رپورٹ برائے شیئرز ہولڈرز	14
Review report to the Shareholders on the Statement of Compliance with the Best Practices of the Code of Corporate Governance	20
Statement of Compliance with the Code of Corporate Governance	21
Auditors' Report to the Members - Consolidated	24
Consolidated Balance Sheet	25
Consolidated Profit and Loss Account	26
Consolidated Statement of Cash Flows	27
Consolidated Statement of Changes in Equity	28
Notes to the Consolidated Financial Statements	29
Auditors' Report to the Members - Standalone	80
Balance Sheet	81
Statement of Profit and Loss Account	82
Statement of Cash Flows	83
Statement of Changes in Equity	84
Notes to the Financial Statements	85
Information for Shareholders	123
Pattern of Shareholding	126
Pattern of Shareholding as required by the Code of Corporate Governance	128
Electronic Transmission Consent Form	130
الیکٹرونک ٹرانسمیشن اجازت نامہ	132
Form of Proxy	
پراکسی فارم	

## **BOARD OF DIRECTORS**

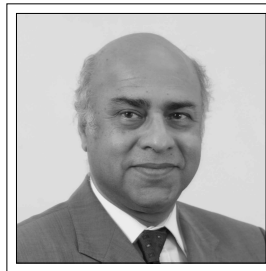
IGI Investment Bank is governed by the following Board of Directors:



**Syed Babar Ali**  
Chairman



**Towfiq H. Chinoy**



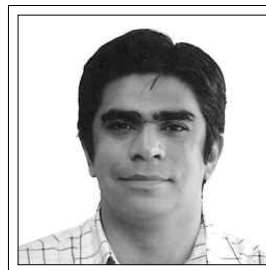
**Farid Khan**



**Khalid Yacob**



**Arif Faruque**



**Khurram Raza Bakhtayari**



**Syed Raza Hussain Rizvi**  
Chief Executive Officer

## COMPANY INFORMATION

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### **Audit Committee**

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

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

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

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### **Auditors**

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

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### **Legal Advisors**

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

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### **Shares Registrar**

THK Associates (Pvt.) Limited  
2nd Floor, State Life Building # 3,  
Dr. Ziauddin Ahmed Road,  
Karachi, 75530 P.O Box # 8533  
UAN: (+92-21) 111-000-322  
Fax: (+92-21) 35655595  
E-mail: scretariat@thk.com.pk

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### **Karachi Registered Office**

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

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### **Lahore Office**

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

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### **Islamabad Office**

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

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### **UAN**

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

### **Website**

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

### **Email**

[contact.center@igi.com.pk](mailto:contact.center@igi.com.pk)

## **COMPANY PROFILE**

IGI Investment Bank Limited was established in 1990 and is licensed by the SECP (Securities and Exchange Commission of Pakistan) to carry out and undertake Investment Finance and Leasing & Lending services as per NBFC Rules and Regulations.

The Investment Bank is listed on the Pakistan Stock Exchange (formerly called Karachi Stock Exchange) and is operating in Karachi, Lahore and Islamabad.

## **KEY MANAGEMENT**

**Syed Raza Hussain Rizvi**  
Chief Executive Officer

**Muhammad Adnan**  
Head – Human Resources & Administration

**Adil Ali Abbasi**  
Chief Financial Officer and  
Company Secretary

**Nouman Islam**  
Head – Information Technology

**Muhammad Junaid Qamar**  
Head of Compliance and  
Internal Audit

## **NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Sixth Annual General Meeting of IGI Investment Bank Limited will be held at 7th Floor, The Forum, Suite No. 701-713, G-20, Khayaban-e-Jami, Block 9, Clifton, Karachi, on October 31, 2016 at 02:30 p.m. to transact the following businesses:

### **ORDINARY BUSINESS:**

1. To confirm the minutes of Twenty Fifth Annual General Meeting of the Company held on October 31, 2015.
2. To receive and adopt the audited accounts for the year ended June 30, 2016 together with the directors' report to the shareholders and auditors' report thereon.
3. To appoint Company's auditors for the year ending June 30, 2017 and to fix their remuneration. M/s. A.F.Ferguson & Co. Chartered Accountants, have offered their services to act as auditors of the Company.

### **OTHER BUSINESS**

4. To transact any other business with the permission of the Chair.

By order of the board

**Adil Ali Abbasi**  
Company Secretary

Karachi:  
October 10, 2016

### **NOTES:**

1. The share transfer books of the company will remain closed from October 25, 2016 to October 31, 2016 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint a proxy. A proxy need not be a member of the company.
3. Duly completed form of proxy must be received at the Registered Office of the Company not later than forty-eight hours before the time appointed for the Meeting.
4. Account holders and sub-account holders holding book entry securities of the Company in the Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting, are requested to bring original Computerized National Identity Cards with copies thereof duly attested by their bankers for identification purposes.
5. Members who have not submitted copy of valid CNIC and NTN are once again advised to submit the same without further delay to ensure compliance with Securities & Exchange Commission of Pakistan Notification SRO 19(1)2014 dated 10th January, 2014 read with Notification SRO 83 (I) 2012 dated 5th July 2012.

## **NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING**

6. Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015 the rates of deduction of income tax from dividend; payments under the Income Tax Ordinance have been revised as follows:
- a) Rate of tax deduction for filers of income tax returns - 12.5%
  - b) Rate of tax deduction for non- filers of income tax returns - 17.5%

All individuals/companies/ association of persons who hold shares in physical form and/or in scrip-less form on Central Depository System of Central Depository Company of Pakistan are requested to send a valid copy of their CNIC and NTN Certificate to the Company's Shares Registrar to allow the Company to ascertain the status of the shareholders.

Where the required documents are not submitted, the Company will be constrained to treat the non-complying shareholders as non-filers thereby attracting a higher rate of withholding tax.

7. The shareholders are advised to notify to the Company's share registrar of any change in their addresses.
8. SECP through its notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the members of the Company through email. Therefore, all members who wish to receive the soft copy of Annual Report are requested to send their email addresses. The consent form for electronic transmission can be downloaded from the Company's website: [www.igiinvestmentbank.com.pk](http://www.igiinvestmentbank.com.pk)

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

The Company shall place the financial statements and reports on the Company's website: [www.igiinvestmentbank.com.pk](http://www.igiinvestmentbank.com.pk) at least twenty one (21) days prior to the date of the Annual General Meeting in terms of SRO 634(I)/2014 dated July 10, 2014 issued by the SECP.

9. Form of proxy is attached to this notice.

## SUMMARY OF KEY OPERATING AND FINANCIAL DATA

	(Rupees in Thousands)					
	June 30 2016	June 30 2015	June 30 2014	June 30 2013	June 30 2012	June 30 2011
<b>Share Capital and reserves</b>						
Paid-up Capital	2,121,025	2,121,025	2,121,025	2,121,025	2,121,025	2,121,025
Reserves	(2,071,968)	(2,071,742)	(2,089,246)	(1,953,528)	(870,655)	(647,800)
	49,057	49,283	31,779	167,497	1,250,370	1,473,225
<b>(Defecit) / Surplus on revaluation</b>						
of investments - net	1,204		-	1,367	(37,394)	(55,544)
<b>Finance Provided</b>						
Term finance	-	-	9,711	41,074	199,797	314,859
Lease finance	226,491	245,220	262,489	374,954	555,328	665,087
	226,491	245,220	272,200	416,028	755,125	979,946
<b>Investments (including repos and excluding reverse repos)</b>						
Government securities	6,742	7,801	-	153,514	399,512	3,618,732
Listed term finance certificates	-	-	-	-	359,528	640,534
Unlisted term finance certificates	3,280	3,280	4,690	14,049	741,579	923,445
<b>Listed Shares, units, certificates and modaraba certificates</b>						
	11,622	10,418	13,923	15,668	436,731	518,292
<b>Unlisted Shares, units, certificates and modaraba certificates</b>						
	2,718	2,718	16,115	26,179	26,179	22,932
Investments in Subsidiaries	204,083	204,083	204,083	204,083	791,435	855,643
	228,445	228,300	238,811	413,493	2,754,964	6,579,578
<b>Balance and placements with banks / financial institutions excluding balances with the State Bank of Pakistan and Reverse repos)</b>						
	-	-	-	-	-	-
<b>Certificates of deposit issued</b>						
	-	-	184,749	1,020,251	2,600,940	3,029,750
<b>Term finance certificates issued</b>						
	-	-	-	-	-	62,475
(Loss) / profit before taxation	(2,469)	24,616	(135,114)	(796,071)	(209,045)	(88,688)
(Loss) / profit after taxation	(226)	17,504	(135,718)	(1,082,873)	(222,855)	(168,995)
Cash dividend	-	-	-	-	-	-
Bonus shares issue	-	-	-	-	-	-

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of IGI Investment Bank Limited is pleased to present the annual report and audited financial statements for the year ended June 30, 2016 to the Twenty Sixth Annual General Meeting of the shareholders.

### General Overview

The Year 2015-2016 has been another challenging period for the NBFC sector that has continued to face impediments in its business activities due to factors such as overall changes in regulatory environment and continuous increase in costs of doing business for the industry.

### Financial Summary

-----Rs. in million-----

	<b>2016</b>	<b>2015</b>
Gross Revenue	14,780	46,999
(Loss) / profit for the year before taxation	(2,469)	24,616
Taxation - net	2,243	(7,112)
(Loss) / profit for the year after taxation	(226)	17,504
Total Assets	664,119	652,941
(Loss) / Earning per share(In Rupee)	(0.001)	0.083

The financial statements of the Investment Bank for the previous reporting periods disclosed in detail:

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

Currently, the Investment Bank continues to face financial difficulties. These include the fact that as at June 30, 2016, the Investment Bank has accumulated losses amounting to Rs. 2,210.300 million (June 30, 2015: Rs. 2,212.074 million). Licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013 have not been renewed by SECP since the aforesaid expiry.

Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Rules and NBFC Regulations as amended by Securities and Exchange Commission of Pakistan (SECP) vide SRO 1002(I)/2015 dated October 15, 2015 and SRO 1160(I)/2015 dated November 25, 2015 respectively for NBFCs undertaking leasing, investment finance and investment advisory activities. Since August 2014, the Investment Bank has not raised any fresh deposits or rolled over existing deposits and the management is in the process of repaying all its deposits, in compliance with the directives earlier issued by the SECP. As at June 30, 2016, deposits payable amounted to Rs. 6.082 million. Further, the management of the Investment Bank does not intend to engage in deposit taking activities going forward. Accordingly, the minimum equity required by the investment bank to operate as a non-deposit taking NBFC is Rs.180 million, however the equity of the Investment Bank at the period-end amounted to Rs. 49.057 million (June 30, 2015: Rs. 49.283 million). Furthermore, as per rule 10A of the amended Rules and Regulation 69 of the amended Regulations, NBFCs are required



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

to comply with amended Rules and Regulations (including compliance with minimum equity requirement) within six months of coming into effect of the amendments i.e. by May 2016 and SECP has been requiring the Investment Bank to meet its minimum equity requirement on priority basis.

Additionally, subsequent to the year end, SECP has declined to accede the application of the Investment Bank to renew its registration as Debt Securities Trustee due to non-renewal of its investment finance license and non-compliance with minimum equity requirement.

In order to formulate a viable business model for the Investment Bank, the Board of Directors of the Investment Bank had earlier approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and 100% owned subsidiary of the Investment Bank with and into the Investment Bank. It was envisioned that the said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities and fixed income brokerage, mutual funds distribution as well as the value added services of investment advisory, portfolio management and corporate advisory services. The said decision was taken in light of the draft NBFC Rules and Regulations that were issued by SECP whereby NBFCs were to be permitted to undertake the aforesaid businesses from a single entity. However, consequent to the final amendments in NBFC Rules and NBFC Regulations that have now been enacted by SECP, the management reassessed the proposed merger and concluded that the same is no more possible. Accordingly, the management has evaluated other options for the Investment Bank.

On the other hand, IGI Insurance Limited, a major shareholder holding 42.006% of the shares of IGI Investment Bank is also contemplated overall restructuring of IGI group's financial services businesses. One of the prime desired objective of the proposed restructuring is to create a 'financial services holding company' of the group, in line with international practices, that owns subsidiaries as may be feasible for the respective businesses. This revised structure will facilitate operations, management and ownership in a focused/flexible manner.

Consequent to the evaluation of other options for the Investment Bank and proposed overall restructuring being contemplated for IGI group's financial services businesses, the Board of Directors of the Investment Bank has approved in its meeting held on September 22, 2016 the following:

- to abandon the previously proposed merger of IGI Finex Securities Limited, a corporate brokerage house and 100% owned subsidiary of the Investment with and into the Investment Bank; and
- as part of proposed overall restructuring of IGI group's financial services businesses and subject to applicable financial, tax and legal advice, the proposed merger of the Investment Bank with and into IGI Insurance Limited, a major shareholder holding 42.006% of the shares of the Investment Bank (Proposed Amalgamation).

The Proposed Amalgamation will be finalized after appropriate evaluation based on applicable financial, tax and legal advice, determination of the final structure and swap ratio and its approval by the Board of Directors and is subject to the procurement of all applicable regulatory, corporate and shareholders approvals, finalization of relevant documentation and sanction of the Scheme of Amalgamation by the Honorable High Court of Sindh at Karachi.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

### Review of Strategic Investment

#### IGI Finex Securities Limited

The financial highlights of IGI Finex Securities Limited (IGIFSL) for the year 2016 and 2015 are as follows:

	2016	2015	Increase / (Decrease)
	Rupees in thousand		%
<b>Gross revenue</b>	<b>145,699</b>	<b>129,470</b>	<b>12%</b>
Administrative & operating expenses	(125,861)	(119,542)	5%
Other income	2,969	11,258	(74%)
Reversal / provision and impairment	2,698	(11,904)	123%
<b>Profit / (Loss) before taxation</b>	<b>25,505</b>	<b>9,282</b>	<b>175%</b>
Taxation - net	(5,708)	(222,287)	(97%)
<b>Profit / (Loss) after taxation</b>	<b>19,797</b>	<b>(213,005)</b>	<b>109%</b>
	As at	As at	Increase/ (Decrease)
	June 30, 2016	June 30, 2015	%
	Rupees in thousand		
<b>Total Assets</b>	<b>671,785</b>	<b>620,108</b>	<b>8%</b>

During the current year ended June 30, 2016, operating revenues (comprising of brokerage, commission, advisory & consulting fee income) showed a growth of 26% and amounted to Rs. 120.553 million despite a 1% decline in average market volumes.

Administrative and operating expenses witnessed an increase from Rs. 118.9 million last year to Rs.125.1 million in the current year.

Consequently, during the year the Company has recorded a profit before taxation of Rs. 25.5 million as against profit of Rs. 9.2 million in the previous year.

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

### **FUTURE PROSPECTS**

The Board of Directors of the Company had earlier approved the proposed merger of the Company with and into IGI Investment Bank Limited, its parent company. It was envisioned that the said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities and fixed income brokerage, mutual funds distribution as well as the value added services of investment advisory, portfolio management and corporate advisory services. The said decision was taken in light of the draft NBFC Rules and Regulations that were issued by SECP whereby NBFCs were to be permitted to undertake the aforesaid businesses from a single entity. However, consequent to the final amendments in NBFC Rules and NBFC Regulations that have now been enacted by SECP, the management reassessed the proposed merger and concluded that the same is no more possible. Consequently, the Board of Directors of the Company has decided to abandon the proposed merger of the Company with and into IGI Investment Bank. Accordingly, the Company will continue to operate in its current legal structure.

The management is positive on the continued performance of the local bourse going forward on the back of continued growth in corporate earnings. The market sentiment is expected to improve as economic indicators strengthen with the prevailing low petroleum prices, decline in discount rate, low inflation, improving law and order situation, emergence of single stock exchange (PSX) and inclusion in MSCI Emerging Market Index. Further, the management is confident that company will show further improvement in the next financial year.

### **Summary of the key operating and financial data**

A summary of the key operating and financial data for the last six years appears at the beginning of this annual report.

### **Credit Rating**

The Pakistan Credit Rating Agency (PACRA) has assigned the Investment Bank a rating of 'BBB-' (long-term rating) and at 'A3' (short term rating) on January 14, 2016.

### **Directors**

During the year under review, the Board met 4 times. The attendance of each Director at the Board meetings is given below.

Directors	Number of board meetings attended
Syed Babar Ali - Chairman	2
Mr. Khalid Yacob	4
Mr. Farid Khan	2
Mr. Arif Faruque	3
Mr. Towfiq H. Chinoy	3
Mr. Khurram Raza Bakhtayari	4
Syed Raza Hussain Rizvi - Chief Executive Officer	4

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

### **Auditors**

The present auditors are M/s A.F.Ferguson & Co, Chartered Accountants.

### **Staff Retirement Benefits**

IGI Investment Bank operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by IGI Investment Bank and the employee, to the fund at 10% of basic salary. Based on latest unaudited financial statements of the provident fund for the year ended June 30, 2016, the investments of the fund amount to Rs.24.53 million.

### **Code of Corporate Governance**

The Board of Directors has adopted the Code of Corporate Governance, as per the listing regulations of the stock exchanges. As required by the Code, it is stated that:

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows, and changes in equity.
- b. Proper books of account of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The system of internal control is sound in design and has been effectively implemented and monitored.
- e. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and these have been effectively implemented and monitored. Timely corrective action is taken to address any exceptions that are identified.
- f. Matters relating to the company's ability to continue as a going concern are covered in the Directors Report and enclosed financial statements.

### **Future**

The management believes that the Investment 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.

### **Pattern of shareholding**

The pattern of shareholding, disclosing the aggregate number of shares held by various categories of shareholders, appears at the end of this annual report. Trading in the shares of IGI Investment Bank during the year, carried out by the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children are as follows:

## DIRECTORS' REPORT TO THE SHAREHOLDERS

	<b>Holding</b>	<b>Trading</b>
Syed Babar Ali (Chairman)	9,796,627	Nil
Syed Raza Hussain Rizvi (C.E.O)	500	500
<b>Directors:</b>		
Khalid Yacob	500	Nil
Towfiq H. Chinoy	500	Nil
Farid Khan	500	Nil
Arif Faruque	500	Nil
Chief Financial Officer	Nil	Nil
Company Secretary	Nil	Nil
Spouses	185,726	Nil

### **Acknowledgement**

The Board of Directors acknowledges and appreciates the contribution of all the employees towards the Investment Bank.

For & on behalf of the Board

**Chairman**

**Director**

## ڈائریکٹرز کی رپورٹ برائے شیئرز ہولڈرز

آئی جی آئی انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز سالِ مختتمہ 30 جون 2016 کے لئے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے شیئرز ہولڈرز کے 26 ویں سالانہ اجلاس عام میں پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### عمومی جائزہ

سال 2015-2016 میں بی بی ایف سی شعبے کے لئے ایک اور کٹھن سال ثابت ہوا جس میں شعبے کو ریگولیٹری صورتحال میں مکمل تبدیلی اور صنعت کے لئے کاروبار کرنے کے ضمن میں ہونے والے اخراجات میں مسلسل اضافے جیسے اسباب کی وجہ سے کاروباری سرگرمیاں انجام دینے میں مستقل طور پر رکاوٹوں کا سامنا کرنا پڑا۔

### مالیاتی تفصیل

..... روپے ملین میں ..... 2015		2016	
46,999	14,780	مجموعی آمدنی	
24,616	(2,469)	(نقصان)/ منافع برائے سال قبل از ٹیکس	
(7,112)	2,243	ٹیکسیشن	
17,504	(226)	(نقصان)/ منافع برائے سال بعد از ٹیکس	
652,941	664,119	مجموعی اثاثہ جات	
0.083	(0.001)	(نقصان)/ آمدنی فی شیئر (روپے میں)	

انویسٹمنٹ بینک کی سابقہ رپورٹنگ مدت کے مالیاتی گوشواروں کی تفصیل ذیل میں دی جا رہی ہے:

- انویسٹمنٹ بینک کو درپیش مالیاتی مشکلات جن کی نشاندہی اس امر کے حوالے سے کی گئی ہے کہ یہ غیر یقینی صورتحال انویسٹمنٹ بینک کی ترقی کی راہ میں رکاوٹ ہے۔

- رکاوٹ کے وہ عوامل جن پر انتظامیہ کو یقین ہے کہ انویسٹمنٹ بینک انہیں دور کر کے بحیثیت آگے بڑھنے والے ادارے کے طور پر کام کر سکتا ہے: اور

- وہ اقدامات جو انویسٹمنٹ بینک لمیٹڈ کی انتظامیہ کی جانب سے مذکورہ بالا رکاوٹ کے عناصر کے باوجود جاری رکھے گئے۔

موجودہ طور پر انویسٹمنٹ بینک مالیاتی مسائل کا مستقل سامنا کر رہا ہے۔ اس میں یہ حقائق بھی شامل ہیں کہ بمطابق 30 جون 2016 انویسٹمنٹ بینک کو 2,210.300 ملین روپے کے خسارے کا سامنا رہا۔ (30 جون 2015: 2,212.074 ملین روپے)۔ انویسٹمنٹ بینک کے لائسنسز جو انڈر ٹیکنگ لیزنگ اور انویسٹمنٹ فنانس سروسز کے سلسلے میں تھے اور جن کی مدت 30 جون 2013 کو ختم ہونے والے سال کے دوران ختم ہو چکی تھی، مذکورہ بالا مدت کے خاتمہ تک ایس ای سی پی کی جانب سے ان کی تجدید نہیں کی گئی۔

مزید برآں انویسٹمنٹ بینک کم از کم ایکویٹی ریٹائرمنٹ پر عملدرآمد نہیں کر رہا جیسا کہ این بی ایف سی قوانین اور این بی ایف سی ضوابط میں درج ہے اور جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) بمطابق بالترتیب ایس آر او 2015 (I) 1002 مورخہ 5 اکتوبر 2015 اور ایس آر او 2015 (I) 160 مورخہ

25 نومبر 2015 برائے این بی ایف سی کی انڈر ٹیکنگ لیزنگ، انویسٹمنٹ فنانس اور انویسٹمنٹ ایڈوائزری سرگرمیاں میں ترامیم کی گئیں۔ اگست 2014 سے انویسٹمنٹ بینک نے کسی نئے ڈپازٹس کا اضافہ نہیں کیا جبکہ انتظامیہ ایس ای سی پی کی جانب سے اس سے قبل جاری کردہ ہدایات پر عملدرآمد کرتے ہوئے پنے تمام ڈپازٹس کی دوبارہ ادائیگی کے عمل سے گزر رہی ہے۔ 30 جون 2016 کے مطابق قابل ادائیگی ڈپازٹس رقم 6.082 ملین روپے تھی۔ مزید برآں انویسٹمنٹ بینک کی انتظامیہ ڈپازٹس کے حصول کی سرگرمیوں کو آگے بڑھانے میں ملوث ہونے کا ارادہ نہیں رکھتی۔ اس کے مطابق انویسٹمنٹ بینک کی جانب سے کم از کم مطلوبہ ایکویٹی، جو نان ڈپازٹ این بی ایف سی کو چلانے کے لئے ضروری ہے، 180 ملین روپے ہے تاہم مدت اختتام پر انویسٹمنٹ بینک کی ایکویٹی کی رقم 49.057 ملین روپے ہے (30 جون 2015: 49.283 ملین روپے)۔ علاوہ ازیں ترمیم شدہ قوانین کے رول 10A اور ترمیم شدہ ضوابط کے ریگولیشن 69 کے مطابق این بی ایف سی کے لئے ترمیم پر عملدرآمد کے آغاز یعنی مئی 2016 سے شروع ہونے والے چھ ماہ کے اندر ترمیم شدہ قوانین اور ضوابط (بشمول کم از کم ایکویٹی ریٹائرمنٹ پر عملدرآمد) پر عمل کرنا لازمی ہے اور ایس ای سی پی نے انویسٹمنٹ بینک کو ترجیحی بنیاد پر اس کی کم از کم ایکویٹی ریٹائرمنٹ کی شرائط پوری کرنا ضروری قرار دیا ہے۔

علاوہ ازیں سال کے اختتام کے بعد ایس ای سی پی نے انویسٹمنٹ بینک کی جانب سے ڈیٹ سیکورٹیز ٹرسٹی کے طور پر اس کی رجسٹریشن کی تجدید کی درخواست قبول کرنے سے انکار کر دیا تھا جو اس کے انویسٹمنٹ فنانس لائسنس کی عدم تجدید اور کم از کم ایکویٹی کی شرائط پر عدم عملدرآمد کے باعث ہوا۔

انویسٹمنٹ بینک کے لئے ایک اہم کاروباری ماڈل کی تشکیل کی غرض سے انویسٹمنٹ بینک کے بورڈ آف ڈائریکٹرز نے قبل ازیں منظور دی دیدی تھی اور آئی جی آئی فنانکس سیکورٹیز لمیٹڈ، ایک کارپوریٹ بروکرینج ہاؤس اور انویسٹمنٹ بینک کا 100 فیصد ملکیتی ذیلی ادارہ، کو انویسٹمنٹ بینک کے ساتھ ضم کرنے کی تجویز دی تھی۔ یہ تصور کیا گیا تھا کہ مذکورہ ادغام شدہ ادارہ اپنے صارفین کو ایک ہی پلیٹ فارم سے انویسٹمنٹ پروڈکٹس کا مکمل مجموعہ بشمول اسٹاکس، کموڈٹیز اور فکسڈ انکم بروکرینج، میوچل فنڈز کی تقسیم نیز سرمایہ کاری کی مشاورت کی قابل قدر خدمات سمیت پورٹ فولیو مینجمنٹ اور کارپوریٹ ایڈوائزری خدمات فراہم کر سکے گی۔ مذکورہ فیصلہ این بی ایف سی قوانین اور ضوابط کے مسودے کی روشنی میں کیا گیا جو کہ ایس ای سی پی کی جانب سے جاری کیا گیا تھا جس کے ذریعے این بی ایف سی کو مذکورہ بالا کاروبار ایک واحد ادارے کے طور پر انجام دینے کی اجازت دی گئی تھی۔ تاہم این بی ایف سی قوانین اور این بی ایف سی ضوابط میں حتمی ترامیم کے مطابق اب ایس ای سی پی کے ذریعے اس کو نافذ کئے جانے کے بعد انتظامیہ نے مجوزہ ادغام کا دوبارہ جائزہ لیا ہے اور یہ نتیجہ اخذ کیا کہ اب یہ مزید ممکن نہیں ہے۔ اس کے مطابق انتظامیہ انویسٹمنٹ بینک کے لئے دیگر آپشنز کا جائزہ لے رہی ہے۔

دوسری جانب آئی جی آئی انشورنس لمیٹڈ، جو آئی جی آئی انویسٹمنٹ بینک کے 42.006 فیصد شیئرز کا حامل ہونے کے ساتھ ایک اہم شیئر ہولڈر ہے، نے آئی جی آئی جی آئی گروپ کی مالیاتی خدمات کے کاروبار کی تمام تنظیم نو پر بھی غور کیا۔ مجوزہ تنظیم نو کے بنیادی مقاصد میں سے ایک ترجیحی مقصد بین الاقوامی طریقہ کار پر عمل کرتے ہوئے گروپ کی 'مالیاتی سروسز کی حامل کمپنی' کی تشکیل ہے تاکہ ذیلی اداروں کو متعلقہ کاروبار کے لئے مناسب ہونے پر ملکیت میں لیا جاسکے۔ یہ نظر ثانی شدہ ڈھانچہ ایک طے شدہ / چک دار طریقہ سے آپریشنز مینجمنٹ اور ملکیت کو سہولتیں فراہم کرے گا۔

انویسٹمنٹ بینک کے لئے دیگر آپشنز کی جانچ اور آئی جی آئی گروپ کے مالیاتی خدمات کے کاروباروں کی تمام تر مجوزہ تنظیم نو کرنے کے پیش نظر انویسٹمنٹ بینک کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 22 ستمبر 2016 میں درج ذیل کی منظوری دی:

- آئی جی آئی فنانکس سیکورٹیز لمیٹڈ کا سابق مجوزہ ادغام ترک کرنے کے لئے ایک کارپوریٹ بروکرینج ہاؤس اور اس کے ساتھ 100 فیصد ملکیتی کمپنی اور انویسٹمنٹ بینک میں سرمایہ کاری۔

- آئی جی آئی گروپ کی مالیاتی خدمات کے کاروباروں کی مجوزہ تمام تر تنظیم نو کے حصے کے طور پر اور نافذ العمل مالیاتی، ٹیکس اور قانونی مشاورت سے مشروط انویسٹمنٹ بینک کے مجوزہ ادغام اور آئی جی آئی انشورنس لمیٹڈ میں شمولیت کے ساتھ انویسٹمنٹ بینک کی %42.006 کا نمائیاں شیئر ہولڈر (مجوزہ ادغام)۔

- مجوزہ ادغام کو درست جانچ پڑتال کے بعد حتمی شکل دی جائے گی جو نافذ العمل مالیاتی، ٹیکس و قانونی مشاورت، حتمی اسٹریٹجی اور تبدیل کردہ تناسب کے تعین اور بورڈ آف ڈائریکٹرز کی جانب سے اس کی منظوری اور تمام نافذ العمل ریگولیشنز، کارکورٹ اور شیئرز ہولڈرز کی منظوری، متعلقہ دستاویزات کو حتمی شکل دینے اور معزز عدالت عالیہ سندھ، مقام کراچی کی جانب سے ادغام کی اسکیم کی منظوری سے مشروط ہے۔

## اسٹریٹجک سرمایہ کاری کا جائزہ آئی جی آئی فنانکس سیکورٹیز لمیٹڈ

سال 2016 اور 2015 کے لئے آئی جی آئی فنانکس سیکورٹیز لمیٹڈ (IGIFSL) کی مالیاتی نمایاں نکات درج ذیل کے مطابق ہیں۔

اضافہ/ (خسارہ) %	2015	2016	
	روپے ہزاروں میں		
12%	129,470	145,699	مجموعی آمدنی
5%	(119,542)	(125,861)	انتظامی اور آپریٹنگ اخراجات
(74%)	11,258	2,969	دیگر آمدنی
123%	(11,904)	2,698	واپسی/ شق اور درستی
175%	9,282	25,505	نفع/ (نقصان) قبل از ٹیکس
(97%)	(222,287)	(5,708)	نیکسیشن
109%	(213,005)	19,797	نفع/ (نقصان) بعد از ٹیکس
اضافہ/ (خسارہ) %	بمطابق 30 جون 2015	بمطابق 30 جون 2016	
	روپے ہزاروں میں		
8%	620,108	671,785	مجموعی اثاثہ جات

30 جون 2016 کو ختم ہونے والے سال رواں کے دوران آپریٹنگ آمدنی (بروکرئج، کمیشن، ایڈوائزی اور مشاورتی فیس انکم پر مشتمل) میں 26 فیصد بہتری ظاہر ہوتی ہے اور یہ حجم اوسطاً مارکیٹ حجم میں ایک فیصد کی کمی کے باوجود 120.553 ملین روپے رہا۔

انتظامی اور آپریٹنگ اخراجات میں گزشتہ سال کے 118.9 ملین روپے کے مقابلے میں اضافہ ہوا اور یہ سال رواں 125.1 ملین روپے رہے۔

نتیجے کے طور پر سال کے دوران کمپنی نے 25.5 ملین روپے کا قبل از ٹیکس منافع حاصل کیا جبکہ گزشتہ سال 9.2 ملین روپے کا منافع حاصل کیا گیا تھا۔

## مستقبل کے امکانات

کمپنی کے بورڈ آف ڈائریکٹرز نے آئی جی آئی انویسٹمنٹ بینک لمیٹڈ، اس کے مرکزی کمپنی کے مجوزہ انضمام کو پہلے سے ہی منظور کیا ہوا ہے اور یہ تصور کیا ہوا تھا کہ مندرجہ بالا مجوزہ کمپنی اس قابل ہوگی کہ اپنے کلائنٹس کو ایک پلیٹ فارم سے سرمایہ کاری کی مصنوعات کا مکمل مجموعہ فراہم کرے گی۔ بشمول اسٹاک، کموڈٹیٹیز اور طے شدہ انکم بروکرئج، میوچل فنڈز کی تقسیم، سرمایہ کاری مشاورتی کی ویلیو ایڈڈ خدمات، پورٹ فولیو کے انتظام و کارپوریٹ مشاورتی خدمات، یہ فیصلہ NBFC کے مسودہ قواعد و ضوابط کی روشنی میں کیا گیا تھا۔ جو کہ ایس ای سی پی کی طرف سے جاری کیا گیا تھا۔ جس کے تحت این بی ایف سیز کو اجازت ملتی تھی کہ ایک واحد کمپنی سے مندرجہ بالا



کاروبار کی ذمہ داری لیتی۔ تاہم این بی ایف سی کے قواعد و ضوابط کی آخری ترمیم کے نتائج میں جو کہ ایس ای سی پی کی طرف سے قانون بنائے گئے ہیں۔ ایس ای سی پی نے مجوزہ انضمام کا ازسرنو جائزہ لینے اور فیصلہ کیا کہ یہ زیادہ ممکن نہیں ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے آئی جی آئی انویسٹمنٹ بینک میں اور اس کے ساتھ کمپنی کا مجوزہ انضمام کو ترک کرنے کا فیصلہ کیا ہے۔

انتظامیہ کو یقین ہے کہ کارپوریٹ آمدنی میں مسلسل ترقی کے پیش نظر اور مسلسل بہتر کارکردگی پر کمپنی آگے بڑھے گی۔ توقع ہے کہ مارکیٹ کی توقعات بہتر بنا سکتے ہیں جیسے کہ معاشی اشارے، موجودہ پیٹرول کی قیمتوں، ڈسکاؤنٹ ریٹ میں کمی، کم افراط زر، امن و امان کی صورتحال کو بہتر بنانے کے لئے، واحد اسٹاک ایکسچینج کا خروج (PSX) اور MSCI امریکن مارکیٹ انڈیکس میں شمولیت کو مضبوط کر سکتے ہیں۔ مزید انتظامیہ پر اعتماد ہے کہ کمپنی اگلے مالی سال میں مزید بہتری لائے گی۔

### خلاصہ برائے اہم معاملات اور مالیاتی ڈیٹا

ایک خلاصہ برائے اہم معاملات اور مالیاتی ڈیٹا گزشتہ 6 سال سے سالانہ رپورٹ کے شروع میں ظاہر ہوتا ہے۔

### کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (پیکرا) نے مورخہ 12 جنوری 2016 کو انویسٹمنٹ بینک کو "BBB-" کی ریٹنگ (لائگ ٹرم ریٹنگ) اور "A-3" (شارٹ ٹرم ریٹنگ) مقرر کیا ہے۔

### ڈائریکٹرز

دوران سال زیر نظر ثانی، بورڈ 4 مرتبہ اجلاس منعقد کر چکا ہے۔ بورڈ کے ایک ایک ڈائریکٹر کی حاضری بورڈ کے اجلاس میں درج ذیل ہے۔

نام	اجلاس میں شرکت
سید بابر علی - چیئرمین	2
جناب خالد یعقوب	4
جناب فرید خان	2
جناب عارف فاروق	3
توفیق ایچ چنائے	3
جناب خرم رضا بختیاری	4
سید رضا حسین رضوی	4

### آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی ہیں۔

### ملازمین کی سبکدوشی پر حاصل مراعات

آئی جی آئی انویسٹمنٹ بینک اپنے تمام مستقل ملازمین کو کنٹری بیوٹڈ فنڈ جاری کرتا ہے۔ بنیادی تنخواہ کے 10% کے حساب سے آئی جی آئی انویسٹمنٹ بینک اور

ملازمین دونوں کو برابر ماہانہ شراکت (contribution) کرنی ہوتی ہے۔

### کارپوریٹ گورننس کا ضابطہ

بورڈ آف ڈائریکٹرز نے اسٹاک ایکسچینج کی لسٹنگ کے ضابطے کے مطابق کارپوریٹ گورننس بورڈ کو اپنایا ہے۔ جیسے ضابطے کی ضرورت کے حساب سے یہ کہا جاتا ہے کہ:

الف - کمپنی کی انتظامیہ کی طرف سے تیار کئے گئے مالی حسابات اپنے معاملات کے لحاظ سے مناسب طور پر پیش کرنا، اس کے آپریشن کا نتیجہ، کیش فلوز اور ایکویٹی میں تبدیلیاں۔

ب - کمپنی کے اکاؤنٹس کے کتابیں مناسب طور پر تیار کی گئی ہیں۔

پ - مالی حسابات کو تیار کرنے کے لئے، مناسب اکاؤنٹنگ پالیسی کا مسلسل طور پر اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینہ مناسب اور دانشمندانہ فیصلوں پر منحصر ہوتے ہیں۔

د - سسٹم کا اندرونی کنٹرول اس مقصد کے تحت مناسب ہے اور موثر طریقے سے اس پر عمل درآمد اور نگرانی کی جاتی ہے۔

ہ - بین الاقوامی اکاؤنٹنگ کے اصول جن کا پاکستان میں اطلاق ہے، ان کی بنیاد پر مالیاتی گوشوارے تیار کئے گئے ہیں اور ان پر موثر طریقے سے عمل درآمد کیا گیا ہے۔ کسی بھی اٹھائے جانے والے اعتراض کو دور کرنے کے لئے بروقت درست عمل درآمد کیا جاتا ہے۔

ج - وہ معاملات جو کمپنی کی اہلیت کو برقرار رکھنے کے لئے واضح کئے گئے ہیں، ڈائریکٹرز کی رپورٹ اور مالی حسابات میں شامل ہیں۔

### مستقبل

انتظامیہ یقین رکھتی ہے انویسٹمنٹ بینک جاری شدہ مفاد کو برقرار رکھنے میں اہل ثابت ہوگا اور کریڈیٹرز کی طرف واضح کردہ اسباب کی روشنی میں اپنے فرائض انجام دے گا۔

### شراکت داری کا طریقہ کار

شیر ہولڈنگ کا طریقہ کار جو شیر ہولڈرز کی مختلف کٹیگریز کے ذریعے موجود شیرز کی مجموعی تعداد کو ظاہر کرتا ہے اس سالانہ رپورٹ کے اختتام پر ظاہر کیا گیا ہے۔ سال کے دوران آئی جی آئی انویسٹمنٹ بینک کے شیرز میں تجارت، جو چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کی گئی، درج ذیل کے مطابق ہے۔

تجارت	ہولڈنگ	
کوئی نہیں	9,796,627	سید بابر علی (چیئرمین)
500	500	سید رضا حسین رضوی (سی ای او)
		ڈائریکٹرز:
کوئی نہیں	500	خالد یعقوب
کوئی نہیں	500	توفیق ایچ چنائے
کوئی نہیں	500	فرید خان
کوئی نہیں	500	عارف فاروق
کوئی نہیں	کوئی نہیں	چیف فنانشل آفیسر
کوئی نہیں	کوئی نہیں	کمپنی سیکریٹری
کوئی نہیں	185,726	شریک حیات

## یقین دہانی

بورڈ آف ڈائریکٹرز انویسٹمنٹ بینک کے تمام ملازمین کو ان کی خدمات پر خراج تحسین پیش کرتا ہے۔

برائے اور بورڈ کی جانب سے

ڈائریکٹر

چیئرمین

## **REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **IGI Investment Bank Limited** (the Investment Bank) for the year ended June 30, 2016 to comply with Listing Regulation No. 5.19 of Pakistan Stock Exchange Limited where the Investment Bank is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Investment Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Investment Bank's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code of Corporate Governance. A review is limited primarily to inquiries of the Investment Bank's personal and review of various documents prepared by the Investment Bank to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Investment Bank's corporate governance procedures and risks.

The Code of Corporate Governance requires the Investment Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length prices and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of the above requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Investment Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Investment Bank for the year ended June 30, 2016.

A. F. Ferguson & Co.  
Chartered Accountants  
Audit Engagement Partner: Shahbaz Akbar

Dated: October 06, 2016

Karachi

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

IGI Investment Bank Limited (“the Investment Bank”) has applied the principles contained in the CCG in the following manner:

1. The Investment Bank encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present (June 30, 2016) the board includes:

Category	Name
Independent Directors	Mr. Arif Faruque, Mr. Farid Khan,
Non-Executive Directors	Syed Babar Ali, Mr. Towfiq H. Chinoy, Mr. Khalid Yacob, Mr. Khurram Raza Bakhtayari
Executive Director	Syed Raza Hussain Rizvi

The independent directors meet the criteria of independence under clause 5.19.1.(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies including the Investment Bank (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Investment Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year ended June 30, 2016.
5. The Investment Bank has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Investment Bank along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Investment Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board / shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged for the training programs for one of its directors during the year.
10. There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year.
11. The Directors' Report for the year ended June 30, 2016 has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

**STATEMENT OF COMPLIANCE WITH THE CODE OF  
CORPORATE GOVERNANCE**

12. The financial statements of the Investment Bank were duly endorsed by the Chief Executive Officer and Chief Financial Officer before their approval by the Board.
13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Investment Bank other than that disclosed in the pattern of shareholding.
14. The Investment Bank has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is a non-executive and independent director.
16. The meetings of the Audit Committee were held at least once in every quarter prior to the approval of interim and final results of the Investment Bank and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource & Remuneration Committee. It comprises of four members of whom three are non-executive directors and the Chairman of the Committee is a non-executive and independent director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Investment Bank.
19. The statutory auditors of the Investment Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Investment Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period" prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Investment Bank's securities, was determined and intimated to Directors, Employees and Stock Exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with, as per the requirements of the Code of Corporate Governance.

For and on behalf of the Board of Directors

Dated: September 30, 2016

**Chairman**

**Chief Executive Officer**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of IGI Investment Bank Limited (the Holding Company or the Investment Bank) and its subsidiary company, IGI Finex Securities Limited (here-in-after referred to as 'the Group') as at June 30, 2016 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of IGI Investment Bank Limited and its subsidiary company as at June 30, 2016 and the results of their operations for the year then ended.

We draw attention towards:

- i) note 1.1.2 to the consolidated financial statements which states that the Investment Bank has accumulated losses at June 30, 2016 amounting to Rs. 2,212.300 million. Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for non-deposit taking NBFCs. These conditions, along with other matters as set forth in note 1.1.2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Investment Bank's ability to continue as a going concern.
- ii) notes 6.4, 7.3, 8.5 and 12.5 to the consolidated financial statements which state certain non-compliances with the NBFC Regulations, 2008.

Our opinion is not qualified in respect of the above matters.

A. F. Ferguson & Co.  
Chartered Accountants

Engagement Partner: Shahbaz Akbar

Dated: October 06, 2016

Karachi



## CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2016

ASSETS	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>Non-current assets</b>			
Fixed assets	5	42,735	42,727
Long-term investments	6	62,340	61,136
Long-term loans and advances - net	7	-	-
Net investment in finance lease	8	-	-
Long-term deposits		8,832	8,714
Deferred tax asset - net	9	83,046	83,483
		196,953	196,060
<b>Current assets</b>			
Current maturity of non-current assets	10	226,491	245,220
Short-term loans and advances	11	1,919	738
Short-term investments	12	10,022	11,081
Trade debts - net	13	57,627	45,670
Deposit, prepayments and other receivables	14	156,089	150,192
Interest, mark-up and profit accrued	15	6,155	6,068
Taxation - net		196,348	189,306
Cash and bank balances	16	245,851	192,791
		900,502	841,066
<b>TOTAL ASSETS</b>		<b>1,097,455</b>	<b>1,037,126</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	17	2,121,025	2,121,025
Reserves	18	118,691	118,691
Accumulated losses		(2,683,920)	(2,703,491)
<b>Equity attributable to shareholders of the parent</b>		(444,204)	(463,775)
Advance against issue of preference shares	19	650,000	650,000
		205,796	186,225
<b>Surplus on revaluation of investments - net of tax</b>	20	1,204	-
		207,000	186,225
<b>Non-current liabilities</b>			
Long term loan	21	236,000	253,000
Long-term certificates of deposit	22	-	-
Long-term deposits under lease contracts	23	-	-
		236,000	253,000
<b>Current liabilities</b>			
Current maturity of non-current liabilities	24	220,226	229,705
Interest and mark-up accrued	25	205	260
Trade and other payables	26	434,024	367,936
		654,455	597,901
<b>TOTAL LIABILITIES</b>		<b>890,455</b>	<b>850,901</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,097,455</b>	<b>1,037,126</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	27		

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**Chairman**

**Chief Executive Officer**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
Income from investments	28	7,175	40,661
Income from lease finance	29	1,270	1,836
Income from fees, commission and brokerage	30	128,803	104,428
Other operating revenue	31	17,207	25,498
		154,455	172,423
Administrative and general expenses	33	153,179	157,549
		1,276	14,874
Other income	34	4,760	10,206
		6,036	25,080
Other expenses	35	3,897	3,268
Finance costs	32	853	7,355
		1,286	14,457
Reversal of provision against bad and doubtful loans and advances / lease losses - specific - net	7.2, 8.3 & 11.2	28,024	48,332
Provision for residual values against lease losses (Provision) / reversal of provision against:		-	(1,780)
Trade debts - net	13.2	3,622	116
Other receivables		(1,121)	(8,109)
Loss on termination of lease contracts		(8,775)	(13,172)
Impairment against investments:			
listed equity securities		-	(3,505)
term finance certificates	12.4	-	(1,640)
		21,750	20,242
<b>Profit before taxation</b>		23,036	34,699
Taxation - net	36	(3,465)	(229,399)
<b>Profit / (loss) after taxation</b>		19,571	(194,700)
Other comprehensive income - net of tax		-	-
<b>Total comprehensive income / (loss)</b>		19,571	(194,700)
Profit / (loss) attributable to non-controlling interest		-	-
Profit / (loss) attributable to shareholders of the parent		19,571	(194,700)
		19,571	(194,700)
		----- (Rupee) -----	
<b>Earnings / (loss) per share</b>	37	0.09	(0.92)

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**Chairman**

**Chief Executive Officer**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net cash generated from operations</b>	40	42,027	136,838
Net recovery from long-term loans and advances - net		12,458	31,616
Net recovery from finance lease		17,863	33,080
Long-term deposits		(118)	489
Repayments of long-term and short-term certificates of deposit - net		(1,307)	(177,360)
Payments of deposits under lease contracts		(8,172)	(2,802)
Interest, mark-up and profit received		18,377	16,650
Dividend received		2,647	1,768
Finance cost paid		(4,408)	(20,082)
Income tax (paid) / received		(10,071)	71,676
<b>Net cash generated from operating activities</b>		69,296	91,873
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(7,461)	(11,741)
Payments for purchase of intangible assets		-	(40)
Proceeds from disposal of fixed assets and investment property		3,076	21,647
Proceeds from sale of long term investments		4,090	40,801
Payment for purchase of short term investments		-	(300,938)
Proceeds on redemption of short term investments		-	60,000
Proceeds on disposal of short term investments		1,059	247,524
<b>Net cash generated from investing activities</b>		764	57,253
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance - net		(17,000)	(32,000)
<b>Net cash used in financing activities</b>		(17,000)	(32,000)
<b>Net increase in cash and cash equivalents</b>		53,060	117,126
Cash and cash equivalents at the beginning of the year		192,791	75,665
<b>Cash and cash equivalents at the end of the year</b>	40.2	245,851	192,791

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**Chairman**

**Chief Executive Officer**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED JUNE 30, 2016

	Equity attributable to shareholders of the parent					Total reserves	Advance against issue of preference shares	Total
	Reserves							
	Capital		Revenue					
	Issued, subscribed and paid-up capital	Reserve arising on acquisition of non-controlling interest	Statutory reserve	General reserve	Accumulated losses			
----- (Rupees in '000) -----								
<b>Balance as at July 01, 2014</b>	2,121,025	(21,641)	97,098	39,733	(2,505,290)	(2,390,100)	650,000	380,925
Loss after taxation for the year ended June 30, 2015	-	-	-	-	(194,700)	(194,700)	-	(194,700)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(194,700)	(194,700)	-	(194,700)
Transfer to statutory reserve	-	-	3,501	-	(3,501)	-	-	-
<b>Balance as at June 30, 2015</b>	<u>2,121,025</u>	<u>(21,641)</u>	<u>100,599</u>	<u>39,733</u>	<u>(2,703,491)</u>	<u>(2,584,800)</u>	<u>650,000</u>	<u>186,225</u>
Profit after taxation for the year ended June 30, 2016	-	-	-	-	19,571	19,571	-	19,571
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	19,571	19,571	-	19,571
<b>Balance as at June 30, 2016</b>	<u>2,121,025</u>	<u>(21,641)</u>	<u>100,599</u>	<u>39,733</u>	<u>(2,683,920)</u>	<u>(2,565,229)</u>	<u>650,000</u>	<u>205,796</u>

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**Chairman**

**Chief Executive Officer**

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

The 'Group' consists of:

**Holding company**

IGI Investment Bank Limited

**Subsidiary company**

**Percentage holding**

IGI Finex Securities Limited

100%

**1.1 IGI Investment Bank Limited (the Investment Bank)**

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

The Pakistan Credit Rating Agency (PACRA) has assigned the Investment Bank a rating of 'BBB-' (long-term credit rating) and 'A3' (short-term credit rating) on January 14, 2016.

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

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

Currently, the Investment Bank continues to face financial difficulties. These include the fact that as at June 30, 2016, the Investment Bank has accumulated losses amounting to Rs. 2,212.300 million (June 30, 2015: Rs. 2,212.074 million). Licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013 have not been renewed by SECP since the aforesaid expiry.

Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Rules and NBFC Regulations as amended by Securities and Exchange Commission of Pakistan (SECP) vide SRO 1002(I)/2015 dated October 15, 2015 and SRO 1160(I)/2015 dated November 25, 2015 respectively for NBFCs undertaking leasing, investment finance and investment advisory activities. Since August 2014, the Investment Bank has not raised any fresh deposits or rolled over existing deposits and the management is in the process of repaying all its deposits, in compliance with the directives earlier issued by the SECP. As at June 30, 2016, deposits payable amounted to Rs. 6.082 million. Further, the management of the Investment Bank does not intend to engage in deposit taking activities going forward. Accordingly, the minimum equity required by the investment bank to operate as a non-deposit taking NBFC is Rs.180 million, however the equity of the Investment Bank at the period-end amounted to Rs. 49.057 million (June 30, 2015: Rs. 49.283 million). Furthermore, as per rule 10A of the amended Rules and Regulation 69 of the amended Regulations, NBFCs are required to comply with amended Rules and Regulations (including compliance with minimum equity requirement) within six months of coming into effect of the amendments i.e. by May 2016 and SECP has been requiring the Investment Bank to meet its minimum equity requirement on priority basis.

Additionally, subsequent to the year end, SECP has declined to accede the application of the Investment Bank to renew its registration as Debt Securities Trustee due to non-renewal of its investment finance license and non-compliance with minimum equity requirement.

## **NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016**

In order to formulate a viable business model for the Investment Bank, the Board of Directors of the Investment Bank had earlier approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and 100% owned subsidiary of the Investment Bank with and into the Investment Bank. It was envisioned that the said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities and fixed income brokerage, mutual funds distribution as well as the value added services of investment advisory, portfolio management and corporate advisory services. The said decision was taken in light of the draft NBFC Rules and Regulations that were issued by SECP whereby NBFCs were to be permitted to undertake the aforesaid businesses from a single entity. However, consequent to the final amendments in NBFC Rules and NBFC Regulations that have now been enacted by SECP, the management reassessed the proposed merger and concluded that the same is no more possible. Accordingly, the management has evaluated other options for the Investment Bank.

On the other hand, IGI Insurance Limited, a major shareholder holding 42.006% of the shares of IGI Investment Bank is also contemplated overall restructuring of IGI group's financial services businesses. One of the prime desired objective of the proposed restructuring is to create a 'financial services holding company' of the group, in line with international practices, that owns subsidiaries as may be feasible for the respective businesses. This revised structure will facilitate operations, management and ownership in a focused/flexible manner.

Consequent to the evaluation of other options for the Investment Bank and proposed overall restructuring being contemplated for IGI group's financial services businesses, the Board of Directors of the Investment Bank has approved in its meeting held on September 22, 2016 the following:

- to abandon the previously proposed merger of IGI Finex Securities Limited, a corporate brokerage house and 100% owned subsidiary of the Investment with and into the Investment Bank; and
- as part of proposed overall restructuring of IGI group's financial services businesses and subject to applicable financial, tax and legal advice, the proposed merger of the Investment Bank with and into IGI Insurance Limited, a major shareholder holding 42.006% of the shares of the Investment Bank (Proposed Amalgamation).

The Proposed Amalgamation will be finalized after appropriate evaluation based on applicable financial, tax and legal advice, determination of the final structure and swap ratio and its approval by the Board of Directors and is subject to the procurement of all applicable regulatory, corporate and shareholders approvals, finalization of relevant documentation and sanction of the Scheme of Amalgamation by the Honorable High Court of Sindh at Karachi.

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

IGI Securities (the Company) 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 has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited) and is a corporate member of Pakistan Mercantile Exchange Limited. The Company is a wholly owned subsidiary of IGI Investment Bank Limited.

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

## **2 BASIS OF PREPARATION**

These consolidated financial statements are being submitted to the shareholders in accordance with the listing regulations of Pakistan Stock Exchange Limited and section 237 of the Companies Ordinance, 1984.

### **2.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such 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.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

The following standard, interpretations and amendment to published approved accounting standards are mandatory for the accounting period beginning on or after July 1, 2015:

-IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. The amendment did not have a significant effect on the financial statements of the Investment Bank other than additional disclosures given in note 47 to these financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Group's financial statements and are, therefore, not detailed in these consolidated financial statements.

**2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

**2.3.1** There are certain new and amended standards and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

Further, the following new standards have been issued by the IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

<b>Standards</b>	<b>IASB effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

**2.4 Consolidation**

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

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

Intergroup balances and transactions have been eliminated.

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

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**3 BASIS OF MEASUREMENT**

**3.1 Critical accounting judgments and estimates**

The preparation of these consolidated financial statements requires the use of certain critical accounting judgments and estimates, that effect the reported amount of revenue, expenses, assets and liabilities. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, estimated results may differ from actual. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

- i) Determination and measurement of useful life and residual value of property and equipment (notes 4.1.1 and 5.1)
- ii) Amortisation of intangible assets (notes 4.1.2 and 5.2)
- iii) Classification and valuation of investments (notes 4.2, 6 and 12)
- iv) Impairment of investments (notes 4.2, 6 and 12)
- v) Classification and provision of loans and advances, net investment in finance lease and other receivables (notes 4.6, 4.7, 4.10, 7, 8, 11, 14 and 15)
- vi) Provision for taxation and deferred tax (notes 4.11, 9 and 36)

**3.2 Functional and presentation currency**

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees which is the Group's functional currency.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

**4.1 Fixed assets**

**4.1.1 Property and equipment**

These are stated at cost less accumulated depreciation or accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other maintenance and normal repairs are charged to the profit and loss account as and when incurred.

Depreciation on property and equipment is charged to profit and loss account using the straight line method in accordance with the rates specified in note 5.1 to these consolidated financial statements after taking into account residual value, if significant. The residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at each balance sheet date.

Depreciation on all additions to property and equipment is charged from the month in which the asset is available for use, while in case of assets disposed of, no depreciation is charged in the month of disposal.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

Maintenance and normal repairs are charged to profit and loss account as and when incurred.



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4.1.2 Intangible assets**

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual value, if any, at the rates specified in note 5.2 to these consolidated financial statements. Amortisation is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Group. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each balance sheet date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Intangible assets exchanged for a non-monetary asset or assets, or a combination of monetary and non-monetary assets is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measureable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the assets given up.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss account when the asset is derecognised.

**4.1.3 Investment property**

Investment properties are properties held to earn rentals and / or capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Investment property transferred from owner-occupied properties is recognised at its carrying amount on the date of transfer. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss account applying the straight-line method. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains or losses on disposals of investment property are taken to the profit and loss account in the period in which they arise.

Repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

**4.2 Investment**

The management of the Group classifies its investments in the following categories: held-for-trading, available-for-sale and held to maturity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this classification on a regular basis.

**(a) Held-for-trading**

These investments which are either acquired principally for the purpose of generating profits from short-term fluctuations in market prices, interest rate movements, dealer's margin or are investments included in a portfolio in which a pattern of short-term profit taking exists.

**(b) Held to maturity**

These are investments with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity.

**(b) Available-for-sale**

These are investments other than those in associates, that are designated as available for sale or do not fall under the categories of held-for-trading and held to maturity.

In accordance with the requirements of SECP, investments in quoted securities (other than those classified as held to maturity and investments in associates) are marked to market, in accordance with the guidelines contained in the State Bank of Pakistan's (SBP) BSD Circular No. 20 dated August 04, 2000 using rates quoted on Reuters, stock exchange quotes and brokers' quotations. Any difference between the carrying amount (representing cost adjusted for amortisation of premium or discount, if any) and market value is taken to the 'surplus / (deficit) on revaluation of investments' account and shown separately in the balance sheet below shareholders' equity. At the time of disposal the respective surplus or deficit is transferred to the profit and loss account.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment losses, if any, in accordance with the requirements of the above mentioned circular.

Premiums and discounts on held to maturity and available-for-sale investments are amortised using the effective interest rate method and taken to income from investments.

Impairment loss in respect of investments is recognised when there is any objective evidence as a result of one or more events that may have an impact on the estimated future cash flows of the investment. A significant or prolonged decline in the fair value of an investment in equity security below its cost is also an objective evidence of impairment. Provision for impairment in the value of investment, if any, is taken to the profit and loss account. In case of impairment of equity securities (both classified as held-for-trading and available-for-sale), the cumulative loss that has been recognised directly in 'surplus / (deficit) on revaluation of investments' on the balance sheet below equity is removed therefrom and recognised in the profit and loss account. Any subsequent increase in the value of these investments is taken directly to 'surplus / (deficit) on revaluation of investments' account which is shown on the balance sheet below equity. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investments are derecognised when the right to receive the cash flows from the investments has expired, realised or transferred and the Group has transferred substantially all risks and rewards of ownership.

**(d) Investment in associates**

Investment in associates where the Group has significant influence are accounted for using the equity method of accounting. Under the equity method of accounting, the investment is increased or decreased to recognise the investor's share of post acquisition profits or losses in the profit and loss account and its share of post acquisition movement in reserves is recognised in the reserves. Increase / decrease in share of profit and losses of associates is accounted for in the consolidated profit and loss account.

**4.3 Trade date accounting**

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognised on the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

**4.4 Derivative instruments**

Derivative instruments held by the Group generally comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in prepayments and other receivables and derivatives with negative market values (unrealised losses) are included in trade and other payables in the consolidated balance sheet.

**4.5 Securities under repurchase / reverse repurchase agreements**

Transactions of repurchase / reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

**a) Repurchase agreement**

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the consolidated balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is accrued as mark-up / interest expense on borrowings over the life of the repo agreement.

**b) Reverse repurchase agreement**

Reverse repurchase investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognised in the consolidated balance sheet. Amounts paid under these obligations are included in lendings. The difference between purchase and resale price is accrued as return from lendings over the life of the reverse repo agreement.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**4.6 Finances**

Finances in the form of long-term loans and advances and short-term loans and advances include demand finance, installment finance, inter swift loan and term finance. These are stated at cost less provision for doubtful finance, if any, determined as per the basis of NBFC Regulations.

**4.7 Net investment in finance lease**

Leases in which the Group transfers substantially all the risk and rewards incidental to the ownership of the asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments, including any guaranteed residual value which are included in these consolidated financial statements as 'net investment in finance leases'.

Provision for non-performing leases is made in accordance with the requirements of NBFC Regulations and is charged to the profit and loss account.

**4.8 Trade debts and other receivables**

Trade debts are recognised initially at invoice value and subsequently measured at cost, less provision for impairment. A provision for impairment for trade debts is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable.

**4.9 Trade and other payables**

Liabilities for trade and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Group.

**4.10 Provision for bad and doubtful loans and advances / lease losses and write offs**

The provision for bad and doubtful loans and advances / lease losses, if any, is made in accordance with the requirements of the NBFC Regulations issued by the SECP.

Loans and advances and outstanding balances in net investment in finance lease are written off when there is no realistic prospect of recovery.

**4.11 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

**Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemption available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

**Deferred**

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. A deferred tax asset is recognised for all deductible temporary differences and the tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the tax losses can be utilised. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the consolidated balance sheet date.

The Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of investments which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 'Income Taxes'.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**4.12 Assets acquired in satisfaction of claims**

The Group acquires certain vehicles and assets in settlement of non-performing loans / leases. These are stated at lower of the original cost of the related asset, exposure to the Group and the net realisable value. The net gains or losses on disposal of these assets are taken to the consolidated profit and loss account.

**4.13 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand and balances with banks in current accounts, savings accounts and short-term running finances.

**4.14 Impairment**

At each balance sheet date, the Group reviews the carrying amounts of its assets for indications of impairment loss. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

**4.15 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**4.16 Staff retirement benefits**

**4.16.1 Defined contribution plan - IGI Investment Bank**

The Investment Bank operates an approved Provident Fund for its permanent employees. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Investment Bank and the employees.

**4.16.2 Employees' compensated absences - IGI Securities**

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leaves as a result of services rendered by the employee against unavailed leaves, as per term of service contract, up to balance sheet date.

**4.17 Proposed dividend and transfer between reserves**

Dividends declared and transfer between reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events. These are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

**4.18 Goodwill**

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of the fair value consideration transferred over the proportionate share of the NCI in the fair value net assets acquired is recognised in equity.

**4.19 Revenue recognition**

**Income from finance lease**

Finance method is used in accounting for recognition of income from lease financing. Under this method, the unearned lease income (the excess of aggregate lease rentals and the residual value over the cost of leased asset) is deferred and then taken to

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

consolidated profit and loss account over the term of lease period, applying the annuity method so as to produce a constant rate of return on the outstanding balance in net investment in lease. Front-end fees, documentation charges, gains / (losses) on termination of lease contracts and other lease related income are taken to consolidated profit and loss account when they are realised.

Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the NBFC Regulations issued by the SECP.

**Income from loans and advances, investments and other sources**

Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis using the effective interest method, except that mark-up income / interest / return on non-performing advances and investments is recognised on a receipt basis in accordance with the requirements of the NBFC Regulations issued by the SECP. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the aforementioned regulations, except where, in the opinion of the management, it would not be prudent to do so.

Gains / (losses) arising on sale of investments are included in the consolidated profit and loss account in the period in which they arise.

Dividend from equity securities is recognised when the Group's right to receive the dividend is established.

Commission income and fees are taken to the consolidated profit and loss account when the services are provided and when right to receive the fees is established.

Return on bank deposits are recognised on time proportionate basis.

Remuneration for investment advisory and asset management services are recognised on an accrual basis.

Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities etc. are recognised as and when such services are provided.

Other income is recognised as and when earned.

**4.20 Foreign currency transactions**

Transactions in foreign currencies are accounted for in Pak rupees at the rate of exchange ruling on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing on the balance sheet date. Exchange gain / (loss) is charged to current year's income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

**4.21 Operating segments**

The Group has structured its key business areas in three segments in a manner that each segment becomes a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Group have been categorised into the following classifications of business segments.

**(a) Business segments**

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

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

**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.

**(b) Geographical segments**

The operations of the Group are currently based only in Pakistan.

**4.22 Financial instruments**

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to consolidated profit and loss account.

**4.23 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognised amounts and also intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**4.24 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

**4.25 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the Group does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

**4.26 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**4.27 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the consolidated profit or loss attributable to the ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ---- (Rupees in '000) ---	2015
<b>5. FIXED ASSETS</b>			
Property and equipment	5.1	23,454	23,399
Intangible assets	5.2	19,281	19,328
		42,735	42,727

**5.1 Property and equipment**

	Lease hold Improvements	Furniture and fittings	Motor vehicles	Office equipment	Computer equipment	Total
<b>As at July 1, 2014</b>	..... (Rupees in '000) .....					
Cost	24,691	4,250	15,276	6,548	26,526	77,291
Accumulated depreciation	(17,607)	(2,056)	(7,696)	(4,933)	(25,890)	(58,182)
Net book value as at July 1, 2014	7,084	2,194	7,580	1,615	636	19,109
<b>For the year ended June 30, 2015</b>						
Opening net book value	7,084	2,194	7,580	1,615	636	19,109
Additions	1,848	38	8,009	282	1,563	11,740
Disposals						
- Cost	(191)	(1,578)	(4,002)	-	-	(5,771)
- Accumulated depreciation	127	1,225	2,173	-	-	3,525
Depreciation charge	(64)	(353)	(1,829)	-	-	(2,246)
Net book value as at June 30, 2015	6,968	1,425	12,294	1,259	1,453	23,399
<b>As at July 1, 2015</b>						
Cost	26,348	2,710	19,283	6,830	28,089	83,260
Accumulated depreciation	(19,380)	(1,285)	(6,989)	(5,571)	(26,636)	(59,861)
Net book value as at July 1, 2015	6,968	1,425	12,294	1,259	1,453	23,399
<b>For the year ended June 30, 2016</b>						
Opening net book value	6,968	1,425	12,294	1,259	1,453	23,399
Additions	35	15	6,755	250	407	7,462
Disposals						
- Cost	-	-	(4,106)	(99)	(4,498)	(8,703)
- Accumulated depreciation	-	-	2,908	11	4,498	7,417
Depreciation charge	(1,899)	(417)	(2,682)	(382)	(741)	(6,121)
Net book value as at June 30, 2016	5,104	1,023	15,169	1,039	1,119	23,454
<b>As at June 30, 2016</b>						
Cost	26,383	2,725	21,932	6,981	23,998	82,019
Accumulated depreciation	(21,279)	(1,702)	(6,763)	(5,942)	(22,879)	(58,565)
Net book value as at June 30, 2016	5,104	1,023	15,169	1,039	1,119	23,454
Annual rate of depreciation	10%	10%	20%	20%	20%	

**5.1.1** Cost and accumulated depreciation at the end of the year includes Rs. 39.972 million (2015: Rs. 44.180 million) in respect of fully depreciated assets still in use.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**5.2 Intangible assets**

	Goodwill	Club Membership	Membership cards (note 5.2.2)	Non- competition agreement	Computer softwares	Trading Rights Entitlement Certificates (TREC) (note 5.2.3)	Total
..... (Rupees in '000) .....							
<b>As at July 1, 2014</b>							
Cost	26,407	2,000	25,000	30,000	23,678	45,000	152,085
Accumulated amortisation	(26,407)	(2,000)	(24,750)	(30,000)	(23,292)	(26,000)	(132,449)
Net book value as at July 1, 2014	-	-	250	-	386	19,000	19,636
<b>For the year ended June 30, 2015</b>							
Opening net book value	-	-	250	-	386	19,000	19,636
Additions	-	-	-	-	40	-	40
Amortisation for the year	-	-	-	-	(348)	-	(348)
Net book value as at June 30, 2015	-	-	250	-	78	19,000	19,328
<b>As at July 1, 2015</b>							
Cost	26,407	2,000	25,000	30,000	23,718	45,000	152,125
Accumulated amortisation	(26,407)	(2,000)	(24,750)	(30,000)	(23,640)	(26,000)	(132,797)
Net book value as at July 1, 2015	-	-	250	-	78	19,000	19,328
<b>For the year ended June 30, 2016</b>							
Opening net book value	-	-	250	-	78	19,000	19,328
Amortisation for the year	-	-	-	-	(47)	-	(47)
Net book value as at June 30, 2016	-	-	250	-	31	19,000	19,281
<b>As at June 30, 2016</b>							
Cost	26,407	2,000	25,000	30,000	23,718	45,000	152,125
Accumulated amortisation	(26,407)	(2,000)	(24,750)	(30,000)	(23,687)	(26,000)	(132,844)
Net book value as at June 30, 2016	-	-	250	-	31	19,000	19,281
Annual rate of amortisation	-	50%	-	33.33%	20% - 33.33%	-	

**5.2.1** Cost and accumulated amortisation as at the end of the year include Rs.25.677 million (2015: Rs.25.378 million) in respect of fully amortised assets still in use.

	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>5.2.2 Membership card comprises of:</b>		
Membership card of Pakistan Mercantile Exchange Limited	250	250

**5.2.3 Trading Rights Entitlement Certificates (TREC) comprises of:**

TREC of Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited)	15,000	15,000
TREC of Pakistan Stock Exchange Limited (formerly: Lahore Stock Exchange Limited)	4,000	4,000
	19,000	19,000



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**5.2.3.1** These represent TRECs received in financial year ended June 30, 2013 pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012 (the Act).

**5.2.3.2** During the year, the Securities and Exchange Commission of Pakistan (SECP) approved the scheme of integration of Karachi Stock Exchange (KSE) with Lahore Stock Exchange (LSE) and Islamabad Stock Exchange (ISE) w.e.f January 11, 2016. Consequent to the afore-mentioned approval LSE and ISE have been merged into KSE and the name KSE has been changed to Pakistan Stock Exchange Limited (PSX). Prior to integration of stock exchanges into PSX, the Subsidiary Company had Trading Right Entitlement Certificates (TRECs) of KSE and LSE. Accordingly, after the integration process, the Subsidiary Company has two TRECs of PSX. There is no impact of this integration on the carrying values of these TRECs.

**5.3 Particulars of disposal of fixed assets**

Particulars of fixed assets disposed during the year are as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
------(Rupees in '000) -----							
<b>Assets with book value of more than Rs. 50,000</b>							
Motor vehicles	1,448	477	971	1,185	214	Negotiation	Waseem Mirza (Outsider)
Communication equipments	99	11	88	69	(19)	Insurance Claim	IGI Insurance Limited - related party
	1,547	488	1,059	1,254	195		
<b>Assets with book value of less than Rs. 50,000</b>							
Computer equipments	4,498	4,498	-	52	52	Negotiation	Siraj Usmani
Motor Vehicles	303	243	60	102	42	Negotiation	Muhammad Asim Hussain Khan
	990	955	35	439	404	IGI Finex Company Policy	Various (Employees)
	1,365	1,233	132	1,230	1,098	Negotiation	Various (Outsider)
	2,658	2,431	227	1,771	1,544		
2016	8,703	7,417	1,286	3,077	1,791		
2015	4,235	2,345	1,890	2,756	866		

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>6. LONG-TERM INVESTMENTS</b>			
Available-for-sale			
Investment in unquoted companies	6.1	50,718	50,718
Investment in quoted companies	6.2	11,622	10,418
Investment in unquoted preference shares	6.3	-	-
		62,340	61,136

**6.1 Investment in unquoted companies**

**Number of Ordinary shares**

2016	2015	Particulars		2016	2015
7,600,000	7,600,000	DHA Cogen Limited		76,000	76,000
1,123,318	1,123,318	Techlogix International Limited		12,782	12,782
4,007,383	4,007,383	Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited)	6.1.1 & 6.1.3	40,000	40,000
843,975	843,975	LSE Financial Services Limited (formerly: Lahore Stock Exchange Limited)	6.1.2 & 6.1.3	8,000	8,000
			6.4	136,782	136,782
		Less: Provision for impairment		(86,064)	(86,064)
				50,718	50,718

**6.1.1** Ordinary shares of Rs.10 each. Equity held 0.5% (2015: 0.5%). Break up value of each ordinary share is Rs.10 based on the audited financial statements for the period ended March 31, 2016.

**6.1.2** Ordinary shares of Rs.10 each. Equity held 0.66% (2015: 0.66%). Break up value of each ordinary share is Rs.17.65 based on the un-audited financial statements for the period ended March 31, 2016.

**6.1.3** Pursuant to the promulgation of Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act) during financial year ended June 30, 2013, the Company was allotted 4,007,383 and 843,975 of Karachi Stock Exchange Limited (KSE) and Lahore Stock Exchange Limited (LSE) respectively. 40% of the allotted shares were received by the Company and remaining 60% were kept in a blocked CDC account maintained by KSE and LSE. Further, as more fully disclosed in note 5.2.3.2 to these financial statements, pursuant to the integration of stock exchanges, names of KSE and LSE have been changed to Pakistan Stock Exchange Limited (PSX) and LSE Financial Services Limited (LSEFS). Further, 40% blocked shares of LSEFS have been released and transferred into the CDC account of the Company while 40% blocked shares of PSX are still kept in a blocked CDC account. On the other hand, divestment of the blocked shares of PSX will be done by PSX under the Act, however, rights to proceeds of the shares, bonus / dividends vests with the Company, while voting rights attached to those shares are suspended.

**6.2 Investment in quoted companies**

	Note	2016 ----- (Rupees in '000) -----	2015
<b>Number of Ordinary shares of Rs. 10 each</b>			
<b>2016</b>	<b>2015</b>	<b>Particulars</b>	
1,352,992	1,352,992	Agritech Limited	6.2.1 & 6.4
		Less: Provision for impairment	
		47,355	47,355
		(35,733)	(36,937)
		11,622	10,418

**6.2.1** This represents ordinary shares of Agritech Limited which are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) dated July 26, 2012 between Azgard Nine Limited (ANL) and various lenders including the Investment Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>6.3 Investment in unquoted preference shares</b>			
<b>Number of Preference shares of Rs. 10 each</b>			
<b>2016</b>	<b>2015</b>	<b>Particulars</b>	
-	2,000,000	First Dawood Investment Bank Limited	6.5
		Rate of preference dividend: 4% - cumulative	
		Terms of conversion: 5 years convertible, cumulative, non voting, non-participatory, callable preference shares	
		Issue date: June 09, 2010	
		Less: Provision for impairment	
			20,000
			(20,000)
			-
			-
<b>6.4</b>	As at June 30, 2016, the Investment Bank's exposure in certain scripts exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 19(g) of the NBFC Regulations, 2008 which requires that a NBFC shall not hold shares on aggregate basis, whether as pledgee, or absolute owner, of an amount exceeding fifteen of the paid-up share capital of that company or fifteen of its own equity, whichever is less.		
	Further, the Investment Bank's fund based exposure in certain customers exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of the equity of an NBFC.		
	Moreover, the Investment Bank was not in compliance with Regulation 17C(2) of the NBFC Regulations, 2008 which require that the total investment made in equity securities of any company shall not exceed ten percent of the paid-up capital of the investee company or ten per cent of its own equity, whichever is less.		
<b>6.5</b>	During the year, unquoted preference shares of First Dawood Investment Bank Limited were converted into ordinary shares and the same have been sold.		
<b>7. LONG-TERM LOANS AND ADVANCES - NET</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
-		----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>Unsecured and considered good - due from:</b>			
<b>Related parties</b>			
Executives		-	-
<b>Secured and considered good - due from:</b>			
<b>Others</b>			
Companies, organisations and individuals		-	-
<b>Considered doubtful</b>			
<b>Others</b>			
Companies, organisations and individuals - secured	7.1 & 7.3	191,274	203,029
Individuals - unsecured		18,055	18,258
		209,329	221,287
Less: Provision there against	7.2	(209,329)	(221,287)
		-	-
		-	-
Less: Current maturity of long-term loans and advances - net	10	-	-
		-	-
		-	-

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**7.1** These loans carry mark-up at rate of 11.34% (2015: 11.34%) per annum and are repayable over periods ranging from 1 to 9 years (2015: 1 to 9 years) from the date of disbursement. Repayment terms vary from monthly basis to repayments at maturity. These loans are secured against mortgage of properties and hypothecation of vehicles.

**7.2** Long-term loans and advances include Rs.209.329 million (2015: Rs.221.287 million) relating to loans due from companies, organisations and individuals which have been classified as non-performing as per the requirements of the NBFC Regulations issued by the SECP. The provision held against these loans is as follows:

	2016			2015		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	221,287	-	221,287	228,192	-	228,192
Charge for the year	-	-	-	-	-	-
Reversals during the year	(11,958)	-	(11,958)	(6,905)	-	(6,905)
	(11,958)	-	(11,958)	(6,905)	-	(6,905)
Closing balance	209,329	-	209,329	221,287	-	221,287

**7.2.1** The Investment Bank has not availed any benefit of forced sale value of collaterals while determining the provisioning requirements against non-performing loans and advances as at June 30, 2016 (2015: Nil).

**7.3** As at June 30, 2016, the Investment Bank's fund based exposure in five customers of loans and advances exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of equity of the NBFC.

	Note	2016	2015
		----- (Rupees in '000) -----	
<b>8. NET INVESTMENT IN FINANCE LEASE</b>			
Lease rentals receivables		194,890	221,013
Add: Residual value	8.4	214,144	222,316
		409,034	443,329
Less: Unearned finance income		-	-
	8.1 & 8.5	409,034	443,329
Less: Provision for lease losses	8.3	(182,543)	(198,109)
Less: Current maturity of net investment in finance lease	8.4 & 10	(226,491)	(245,220)
		-	-

**8.1 Particulars of net investment in finance lease**

	2016			2015		
	Not later than one year	Later than one year but not later than five years	Total	Not later than one year	Later than one year but not later than five years	Total
----- (Rupees in '000) -----						
Lease rental receivables	194,890	-	194,890	221,013	-	221,013
Add: Residual value	214,144	-	214,144	222,316	-	222,316
	409,034	-	409,034	443,329	-	443,329
Less: Unearned finance income	-	-	-	-	-	-
Net investment in finance lease	409,034	-	409,034	443,329	-	443,329

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**8.2** The Investment Bank has entered into various lease agreements for period of 1 to 7 years (2015: 1 to 7 years). The rate of return implicit in the leases ranges from 14% to 17% (2015: 14% to 17%) per annum. Generally, leased assets are held as securities. In certain instances, the Investment Bank has also obtained additional collateral in the form of personal guarantees.

**8.3 Provision for lease losses**

	2016			2015		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	198,109	-	198,109	224,536	-	224,536
Charge for the year	577	-	577	6,829	-	6,829
Reversal during the year	(16,143)	-	(16,143)	(33,256)	-	(33,256)
	(15,566)	-	(15,566)	(26,427)	-	(26,427)
Closing balance	182,543	-	182,543	198,109	-	198,109

**8.3.1** Based on the NBFC Regulations, the aggregate net exposure in finance leases which have been placed under non-performing status amounted to Rs.194.890 million (2015: Rs.221.013 million) against which a provision of Rs.182.543 million (2015: Rs.198.109 million) has been made after deducting the value of collateral (i.e. forced sale value) amounting to Rs.12.347 million (2015: Rs.22.904 million). The total income suspended against the non-performing parties amounted to Rs.89.599 million (2015: Rs.80.296 million).

**8.4** This includes Rs.214.144 million (2015: Rs.222.316 million) representing overdue lease receivables at the year end against which no provision has been made by the Investment Bank as the Investment Bank holds equivalent amount of security deposits from the respective lessees.

**8.5** As at June 30, 2016, the Investment Bank's fund based exposure in six customers of leases exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of equity of the NBFC.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>9. DEFERRED TAX ASSET - NET</b>			
Deferred tax assets on all deductible temporary differences	9.1 & 9.2	166,732	164,871
Deferred tax liabilities arising in respect of:			
Accelerated tax depreciation		(83,686)	(81,388)
Surplus on revaluation of investments		-	-
		(83,686)	(81,388)
		83,046	83,483

**9.1** The Investment Bank has an aggregate amount of Rs.665.290 million (2015: Rs.802.812 million) in respect of unabsorbed tax losses and tax credits. Due to a history of tax losses and uncertainty in respect of future taxable profits, the Investment Bank has recognised a deferred tax asset arising from unused tax losses and tax credits to the extent of sufficient taxable temporary differences available in the future.

**9.2** IGI Securities (the Subsidiary Company) has an aggregate amount of Rs. 143.58 million (2015: Rs. 162.59 million) [including unabsorbed tax depreciation and amortisation in respect of available tax losses as at June 30, 2016 and has an aggregate amount of Rs. 707.58 million (2015: Rs. 710.28 million) in respect of deductible temporary differences arising on provisions made against doubtful receivables on the same date.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

While maintaining that deferred tax on deductible differences (provision for doubtful receivables) provides an opportunity for tax planning and the Subsidiary Company would be able to fully utilise them in the future years, management has taken a conservative view on the balance of deferred tax recognised as an asset against deductible temporary differences in the financial statements of the Subsidiary Company. The Subsidiary Company, nevertheless, retains the right to consider and evaluate on an ongoing basis tax planning opportunities with respect to provision write offs. Accordingly, on a conservative estimate basis the amount of deferred tax asset recognised against available tax losses and deductible temporary differences has been limited to Rs 83.05 million during the year.

In connection with the above, the management has prepared financial projections which have been approved by the Board of Directors of the Subsidiary Company. These projections involve certain key assumptions underlying the estimation of future taxable profits. The determination of future taxable profits takes into account various assumptions regarding the future business, economic and market conditions. Key assumptions include market share of the Subsidiary Company, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write offs etc. A significant change in the assumptions used may impact the realisability of the deferred tax asset.

	Note	2016 ----- (Rupees in '000) -----	2015
<b>10. SHORT-TERM LOANS AND ADVANCES</b>			
<b>Considered doubtful</b>			
Current maturity of long-term loans and advances - net	7	-	-
Current maturity of net investment in finance lease	8	226,491	245,220
		<u>226,491</u>	<u>245,220</u>
<b>10.1</b> This includes residual value of Rs.214.144 million (2015: Rs.222.316)			
<b>11. SHORT-TERM LOANS AND ADVANCES</b>			
<b>Considered doubtful</b>			
Unsecured and considered good - due from:			
Related parties			
Employees	11.3	1,213	388
<b>Secured and considered good</b>			
Others			
Short-term loans and advances		706	350
<b>Considered doubtful</b>			
Due from companies and organisations		155,000	155,500
Less: Provision thereagainst	11.1 & 11.2	(155,000)	(155,500)
		<u>-</u>	<u>-</u>
		<u>1,919</u>	<u>738</u>
<b>11.1</b> The balance has been provided as per the requirements of the NBFC Regulations.			
<b>11.2 Movement in provision</b>			
Opening balance		155,500	170,500
Charge / (reversal)		(500)	(15,000)
Closing balance		<u>155,000</u>	<u>155,500</u>
<b>11.3</b> The advances to employees are given to meet personal and travelling expenses. These are granted to employees of the Company in accordance with their terms of employment and are recovered through deductions from salaries.			

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**12. SHORT-TERM INVESTMENTS**

	Note	2016			2015		
		Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
----- (Rupees in '000) -----							
<b>Held-for-trading</b>							
Government securities	12.1	6,742	-	6,742	7,801	-	7,801
<b>Available-for-sale</b>							
Listed term finance certificates	12.2	8,135	-	8,135	8,135	-	8,135
Unlisted term finance certificates	12.2	108,264	-	108,264	108,264	-	108,264
		116,399	-	116,399	116,399	-	116,399
Impairment loss on term finance certificates	12.4	(113,119)	-	(113,119)	(113,119)	-	(113,119)
		10,022	-	10,022	11,081	-	11,081

**12.1 Particulars relating to government securities are as follows:**

Particulars	2016			2015		
	Face value	Amortised cost	Market value	Face value	Amortised cost	Market value
----- (Rupees in '000) -----						
Market Treasury Bills	6,855	6,745	6,742	8,000	7,814	7,801
	6,855	6,745	6,742	8,000	7,814	7,801

**12.2 Available-for-sale investments - term finance certificates**

Number of Certificates	Particulars	Issue date	2016		2015	
			Amortised cost	Market value	Amortised cost	Market value
----- (Rupees in '000) -----						
2016	2015					
<b>LISTED TERM FINANCE CERTIFICATES</b>						
<b>Textile</b>						
5,000	5,000	Azgard Nine Limited II* (see note 12.3)	September 20, 2005	8,135	8,135	8,135
				8,135	8,135	8,135
----- (Rupees in '000) -----						
Number of Certificates	Particulars	Issue date	2016		2015	
2016	2015		Amortised cost	Market value	Amortised cost	Market value
----- (Rupees in '000) -----						
<b>UNLISTED TERM FINANCE CERTIFICATES</b>						
4,000	4,000	Agritech Limited I* (see note 12.3)	November 30, 2007	19,980	19,980	19,980
861	861	Agritech Limited IV* (see note 12.3)	July 01, 2011	4,305	4,305	4,305
13,000	13,000	Azgard Nine Limited IV* (see note 12.3)	December 04, 2007	28,178	28,178	28,178
5,348	5,348	Azgard Nine Limited V* (see note 12.2.1 & 12.3)	March 31, 2012	-	-	-
3,000	3,000	Eden Housing Limited*	December 31, 2007	6,560	6,560	6,560
		New Allied Electronics Industries (Private) Limited - Sukuk* (see note 12.3)	December 03, 2007	49,241	49,241	49,241
10,000	10,000			108,264	108,264	108,264

\* These represent non-performing Term Finance Certificates and provision has been made thereagainst as per the requirements of the NBFC Regulations, 2008 (see note 12.4).

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**12.2.1** This represents zero coupon Term Finance Certificates (TFCs) having a face value of Rs.26.740 million, issued in lieu of outstanding mark-up on non-performing TFCs of Azgard Nine Limited and have been recorded at Rs.Nil.

**12.3 Significant terms and conditions relating to Term finance certificates are as follows:**

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
<b>Listed Term Finance Certificates</b>					
Azgard Nine Limited II	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	September 20, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.699 million), 2016-2017: 53% (Rs.799 million).
<b>Unlisted Term Finance Certificates / Sukuk</b>					
Agritech Limited I	5,000	Average ask rate of six months KIBOR plus 1.75%	Semi-annually	November 29 2019	12 semi-annual installments with stepped up repayment plan, 2012-2014: 35% (Rs.524,580,000), 2015-2017: 65% (Rs.974,220,000).
Agritech Limited IV	5,000	Zero Coupon	-	January 01, 2015	Principal to be repaid in 6 semi-annual installments as per schedule, commencing from July 01, 2012.
Azgard Nine Limited IV	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	December 04, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.1,166 million), 2016-2017: 53% (Rs.1,332 million).
Azgard Nine Limited V	5,000	Zero Coupon	-	March 31, 2017	Principal to be repaid in 7 semi-annual installments as per schedule, commencing from March 31, 2014.
Eden Housing Limited	5,000	"Average ask rate of three months KIBOR plus 2.5% per annum from December 31, 2007 to June 29, 2013 (floor 7% and cap 20%)  Average ask rate of three months KIBOR plus 3% per annum from June 30, 2013 to June 29, 2014 (floor 7% and cap 20%)"	Quarterly	June 29, 2014	Principal to be redeemed in unequal quarterly installments as per schedule.
New Allied Electronics Industries (Private) Limited - Sukuk	5,000	Average ask rate of three months KIBOR plus 2.2% (floor 7% and cap 20%)	Semi-annually	December 03, 2012	Principal redemption will take place in six equal semi annual installments. This will commence from the 30th month of the date of public subscription after a grace period of 24 months.

**2016                      2015**  
----- (Rupees in '000) -----

**12.4 Movement in provision against investment**

Opening balance	113,119	161,419
Charge for the year	-	1,640
Reversals during the year	-	-
Written-off during the year	-	-
	-	1,640
Sold during the year	-	(49,940)
Closing balance	<u>113,119</u>	<u>113,119</u>

**12.5** As at June 30, 2016, the Investment Bank's fund based exposure in certain term finance certificates exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of equity of the NBFC.



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>13 TRADE DEBTS - NET</b>			
<b>Considered good</b>			
Receivable from clients against purchase of marketable securities and commodity contracts	13.1	42,102	13,620
Commission receivable		-	334
Clearing balance with National Clearing Company of Pakistan Limited		-	14,371
		42,102	28,325
<b>Considered doubtful</b>			
Receivable from clients against purchase of marketable securities and commodity contracts		600,497	606,353
Commission receivable		414	-
Provision against doubtful debts	13.2	(585,386)	(589,008)
		15,525	17,345
		57,627	45,670
<b>13.1 This includes amounts due from related parties as under:</b>			
Key management personnel		-	46
Other related parties and associated undertakings		4,606	4,530
		4,606	4,576
<b>13.2 Provision against doubtful debts</b>			
Balance as at July 1		589,008	589,124
Charge for the year		1,162	-
Reversal during the year		(4,784)	(116)
		(3,622)	(116)
Balance as at June 30	13.2.1	585,386	589,008
<b>13.2.1 It includes provision in respect of related parties as under:</b>			
A related party		23	23
An associated company		4,432	4,380
		4,455	4,403

**13.2.2** Provision against doubtful debts has been made after considering the market value of listed equity securities amounting to Rs. 64.672 million (2015: Rs. 49.759 million) held in custody by the Group against respective customers accounts.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Deposits</b>			
Exposure deposit with Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited)	14.1	139,750	134,750
Pakistan Mercantile Exchange Limited - margin deposit		4,617	1,583
Others		2,967	2,767
		147,334	139,100
Prepaid expenses		1,514	2,280
<b>Other receivables - net</b>			
<b>Secured - considered good</b>			
Excise duty paid on behalf of customers		3,652	4,438
Others		3,588	4,373
<b>Unsecured and considered doubtful</b>			
Federal excise duty receivable from customer		1,941	1,941
Other receivables		26,507	25,583
Receivable from lessees in satisfaction of claims		21,336	21,410
Receivable against overdue reverse repurchase transaction	14.3	13,298	13,298
Insurance rentals receivable		1,502	1,502
Excise duty paid on behalf of customers		819	33
Assets repossessed in respect of terminated lease contracts		512	1,027
Others		3,607	3,607
		69,522	68,401
Less: Provision for bad and doubtful receivables	14.2	(69,521)	(68,400)
		156,089	150,192

**14.1** This represents the deposit held at the year end against exposures arising out of trading in securities in accordance with the regulations of the Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited). Interest is earned on the deposit at rates as determined by the Exchange. These deposits carry interest / mark-up at 4% (2015: 5%) per annum as at year end.

		2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>14.2 Movement in provision against receivables</b>			
Opening balance		68,400	60,291
Charge for the year		1,710	11,935
Reversals made during the year		(589)	(3,826)
Closing balance		69,521	68,400

**14.3** This represents receivable against overdue reverse repurchase transaction with another brokerage house. During financial year ended June 30, 2013, the borrower entered into a Settlement Agreement with the Subsidiary Company under which it acknowledged its liability to pay Rs. 114 million and the related mark-up and also paid Rs. 50 million against the release of certain shares held as collateral. The outstanding balance was secured against certain shares listed on PSX and ten shops located at Fortress Stadium, Lahore. During the prior year these collaterals were sold by the Subsidiary Company. The remaining balance which is unsecured has been fully provided.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>15 INTEREST, MARK-UP AND PROFIT ACCRUED</b>			
<b>Considered good</b>			
Accrued income on saving accounts and exposure deposits		6,155	6,068
		6,155	6,068
<b>Considered doubtful</b>			
Accrued mark-up income		69,948	69,948
Accrued income on other receivables		12,440	12,440
		82,388	82,388
		88,543	88,456
Provision against doubtful accrued mark-up		(82,388)	(82,388)
		6,155	6,068
<b>16 CASH AND BANK BALANCES</b>			
Cash In hand		29	14
Cheques in hand		1,085	-
<b>In current accounts</b>			
State Bank of Pakistan		360	177
<b>Others</b>			
local currency		80,994	32,126
Foreign currency		1,353	1,313
		82,347	33,439
<b>In savings accounts</b>			
local currency	16.1	162,030	159,161
		245,851	192,791
<b>16.1</b>	These represent deposit accounts with commercial banks and carry mark-up at rates ranging between 4% to 6.5% (2015: 5% to 8%) per annum.		
<b>17 SHARE CAPITAL</b>			
<b>Authorised capital</b>			
300,000,000 (2015: 300,000,000) Ordinary shares of Rs.10 each		3,000,000	3,000,000
<b>Issued, subscribed and paid-up capital</b>			
190,993,300 (2015: 190,993,300) Ordinary shares of Rs.10 each fully paid in cash		1,909,933	1,909,933
21,109,250 (2015: 21,109,250) Ordinary shares of Rs.10 each issued as fully paid bonus shares		211,092	211,092
		2,121,025	2,121,025

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

The following shares were held by the related parties of the Group as at June 30, 2016:

Name of related party	2016		2015	
	Shares held (in million)	Percentage	Shares held (in million)	Percentage
Packages Limited	4.611	2.174%	4.611	2.174%
IGI Insurance Limited	89.095	42.006%	89.095	42.006%
Directors, Chief Executive and their spouse and minor children	9.985	4.710%	9.984	4.710%

18 RESERVES	Note	2016	2015
		----- (Rupees in '000) -----	
<b>Capital reserve</b>			
Statutory reserve	18.1	100,599	100,599
Reserve arising on acquisition of non-controlling interest		(21,641)	(21,641)
		78,958	78,958
<b>Revenue reserves</b>			
General reserve		39,733	39,733
		118,691	118,691

**18.1** Statutory reserve represents amount set aside as per the requirements of clause 16 of the NBFC Regulations issued by the SECP.

**19 ADVANCE AGAINST ISSUE OF PREFERENCE SHARES**

During the financial year ended June 30, 2012, IGI Securities (the Subsidiary Company) 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 the Subsidiary Company. On June 29, 2012, the Subsidiary Company and Mr. Syed Babar Ali entered into an irrevocable Subscription Agreement to convert the Subordinated Loan into Preference Shares to be issued by the Subsidiary Company to Mr. Syed Babar Ali.

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, the Subsidiary Company 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.

On April 18, 2014 and June 30, 2016, the Subsidiary Company had signed Addendums to the aforesaid Subscription Agreement to amend the terms for payment of dividend to the preference shareholder, as may be declared by the Subsidiary Company out of its distributable profits and the entitlement of preference shareholder in case of liquidation of the Subsidiary Company.

Consequent to the above, in case of change in management control of the Subsidiary Company, the preference shareholder shall be first paid dividend up to 10% of par value until the aggregate amount of preferential dividend paid equals Rs. 650 million and thereafter, 0.1% of par value. Further, in case of liquidation of the Subsidiary Company, preference shareholder shall have priority over ordinary shareholder to the extent of par value of preference shares held, less dividends paid on preference shares.

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

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>20 SURPLUS ON REVALUATION OF INVESTMENTS - NET OF TAX</b>			
Net surplus on revaluation of quoted securities	20.1	1,204	-
		<u>1,204</u>	<u>-</u>
<b>20.1 Particulars of deficit on revaluation of investments - net</b>			
Opening balance		-	-
Surplus arising on revaluation of investments during the year		1,204	-
Closing balance		<u>1,204</u>	<u>-</u>
<b>21 LONG-TERM LOAN</b>			
<b>Unsecured</b>			
Local currency - related party	21.1	<u>236,000</u>	<u>253,000</u>
<b>21.1</b> During 2013-2014, the Investment Bank received a sum of Rs.285 million by way of a loan from Syed Babar Ali, Chairman and a sponsor of the Investment Bank. In this connection, the Investment Bank and Syed Babar Ali have entered into a Loan Agreement dated March 31, 2014. The loan is interest/profit/mark-up free and repayable at the earlier of the expiry of ten (10) years from the date of the Loan Agreement or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. Under the terms of the Loan Agreement, the Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date, provided that the Certificates of Deposit issued by the Investment Bank have been completely and finally settled.			
Upto June 30, 2016, the Investment Bank has made repayment of all deposits along with mark-up, except for five depositors with aggregate deposits amounting to Rs.6.082 million since they are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.205 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank has placed an amount of Rs.6.7 million in Market Treasury Bills.			
In light of the above, the Investment Bank has made prepayment of Rs.49 million against the aforesaid loan till June 30, 2016 which includes prepayment of Rs.17 million during the year.			
<b>22 LONG-TERM CERTIFICATES OF DEPOSIT</b>	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>Unsecured</b>			
Individuals	22.1	6,082	7,389
Less: Current maturity of long-term certificates of deposit	24	<u>(6,082)</u>	<u>(7,389)</u>
		<u>-</u>	<u>-</u>
<b>22.1</b> These certificates of deposit have contractual maturities ranging from 1 to 8 years (2015: 1 to 8 years) from the contract date. Expected rates of return payable on these certificates range from 6.25% to 12.50% (2015: 6.25% to 12.50%) per annum.			
<b>23 LONG-TERM DEPOSITS UNDER LEASE CONTRACTS</b>	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Deposits under lease contracts	23.1	214,144	222,316
Less: Current maturity of deposits under lease contracts	24	<u>(214,144)</u>	<u>(222,316)</u>
		<u>-</u>	<u>-</u>
<b>23.1</b> These represent interest free security deposits received against lease contracts which are repayable / adjustable at the expiry / termination of the respective leases.			

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>24 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Current maturity of long-term certificates of deposit	22	6,082	7,389
Current maturity of long-term deposits under lease contracts	23	214,144	222,316
		220,226	229,705
<b>24.1</b>	This represents security deposits held by Investment Bank under lease contracts against which an equivalent amount of residual value is receivable as disclosed in note 10.1 to these consolidated financial statements.		
<b>25 INTEREST AND MARK-UP ACCRUED</b>			
<b>Interest and mark-up accrued on:</b>			
Certificates of deposit		205	260
		205	260
<b>26 TRADE AND OTHER PAYABLES</b>			
Accrued expenses	26.1	12,070	10,548
Payable against profit on unutilised funds	26.2 & 26.3	4,623	1,447
Payable to customers on account of excess recoveries		3,028	3,028
Payable to National Clearing Company of Pakistan Limited (NCCPL)		33,709	-
Unclaimed dividends		305	305
Advances from lessees		7,970	8,430
Payable against sale of marketable securities	26.4	281,033	288,677
Provision for leave encashment		3,346	1,927
Payable to IGI Insurance Limited - a related party	26.5	31,516	31,681
Bonus payable		3,486	1,642
Withholding tax payable		2,713	2,995
Commission payable	26.6	2,781	4,685
Payable to J&P Coats in respect of portfolio management	42.1	32,245	-
Others		15,199	12,571
		434,024	367,936
<b>26.1</b>	This includes insurance expense payable to a related party of Rs. 0.760 million (2015: 0.641 million).		
<b>26.2</b>	With effect from March 2015 the Subsidiary Company has been mandated by the Stock Exchange to pass on profit earned on unutilised funds of clients to the respective clients out of total profit accrued on such funds as may be mutually agreed in writing between the Subsidiary Company and its clients. The Subsidiary Company has revised its account opening forms which includes an agreement on the profit earned on unutilised funds on clients' assets from new clients. Further, the Subsidiary Company is in process of agreeing the same with its existing clients. The Subsidiary Company has recorded a liability based on management's best estimate of amount that may be eventually passed on to its clients.		
<b>26.3</b>	This includes profit payable to a related party of Rs. 0.01 million (2015: Rs. 0.16 million).		
<b>26.4</b>	This includes amounts due to key management personnel of Rs. 0.875 million (2015: Rs. 0.745 million).		
<b>26.5</b>	This represents payables to related parties in relation to sharing of common expenses under Group Shared Services (GSS) agreement.		
<b>26.6</b>	This includes commission withheld payable to key management personnel of Rs. 0.130 million (2015: 0.126 million).		

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**27 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

**27.1 Taxation**

**IGI Investment Bank**

Income tax returns for the tax years 2011, 2012, 2013, 2014 and 2015 have been filed by the Investment Bank on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001.

As per latest assessments / amended orders including assessment years 1998-1999 to 2015, issued by tax authorities, tax liability aggregating to Rs.163.531 million was determined and tax deductions / credits aggregating to Rs.337.781 million were allowed, leading to an aggregate assessed refund (after prior year adjustments and refund received etc.) of Rs. 90.216 million.

The difference between the aggregate tax liability declared (in the original / revised returns) and assessed (as per latest assessment /amended orders), and aggregate tax deductions and credits relates to various matters that are pending at various appellate forums in respect of appeals filed by the Investment Bank and tax authorities in relation to various assessment / tax years.

Matters that are being contested mainly include the following:

- (a) the rate of tax applied in computing the tax liability of the Investment Bank was that applicable to a banking company instead of rate applicable for a public company. Lahore High Court in the assessment year 1997-98 has decided in favour of the Investment Bank.
- (b) the dividend income was taxed at normal tax rate on dividend income instead of charging tax at the reduced tax rate of 5%.
- (c) addition on account of depreciation as a result of restricting the claim of depreciation upto net income from leased assets.
- (d) disallowance of certain expenses and additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses relating to various assessment years.
- (e) charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime.
- (f) disallowance of initial depreciation on leased commercial vehicles.
- (g) addition as a result of proration of expenses between exempt income (capital gains), dividend income and business income.
- (h) addition of Rs. 18.445 million as a result of proration of finance cost between brokerage, commission income and business income.
- (i) addition on account of specific provisions of Rs. 117.639 million.

The management and its tax advisor are confident that all above matters will eventually be decided in favor of the Investment Bank.

**IGI Securities (the Subsidiary Company)**

- (a) During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. The Subsidiary Company has filed an appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner. During the year ended June 30, 2014, Commissioner (Appeals) passed an order under which the Subsidiary Company has been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR has filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the said order. Management has also filed second appeal before Appellate Tribunal Inland Revenue which is pending. Management of the Subsidiary Company and tax advisor of the Subsidiary Company are of the view that there is a reasonable probability that outcome of appeal shall be in favour of the Subsidiary Company.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

- 27.2** During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against the Subsidiary Company in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, the Subsidiary Company had filed a counter affidavit against the application filed by the Complainant to seek an interim order. During the financial year ended June 30, 2013, the Subsidiary Company filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by the Subsidiary Company. The Subsidiary Company has also filed a lawsuit against the same brokerage house and an ex-official of the Subsidiary Company in the High Court of Sindh to recover the outstanding balance appearing in the Subsidiary Company's books of account before provision. The court has issued notices to the defendants. The lawsuits are pending litigations and both the management and legal counsel of the Subsidiary Company are of the view that there is a reasonable probability of the Subsidiary Company's success in both lawsuits.
- 27.3** During the financial year ended June 30, 2010, one of the customers of the Subsidiary Company filed a lawsuit against the Subsidiary Company before the High Court of Sindh for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The said lawsuit is counterblast to the Subsidiary Company's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honourable High Court of Sindh at Karachi, on the Subsidiary Company's a civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. The lawsuits are pending litigations and both the management and legal counsel of the Subsidiary Company are of the view that there is a reasonable probability of the Subsidiary Company's success in both lawsuits.
- 27.4** During the financial year ended June 30, 2010, one of the customers of the Subsidiary Company had filed a lawsuit against the Subsidiary Company in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to the Subsidiary Company's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Honourable High Court of Sindh. The lawsuits are pending litigations and both the management and legal counsel of the Subsidiary Company are of the view that there is a reasonable probability of the Subsidiary Company's success in both lawsuits.
- 27.5** During the year ended June 30, 2009, a brokerage house filed suit before the Honourable Civil Judge, Lahore for declaration and permanent injunction against the Subsidiary Company. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against the Subsidiary Company before the Honourable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honourable Lahore High Court, Lahore Bench against order passed by the learned Civil Judge wherein the learned Civil Judge was pleased to dismiss the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. During the financial year ended June 30, 2014 the Subsidiary Company had filed claim of recovery amounting to Rs. 53.062 million alongwith liquidated damages against a brokerage house with the Lahore Stock Exchange. Both the management and legal counsel of the Subsidiary Company are of the view that there is a reasonable probability of the Subsidiary Company's success in both lawsuits.
- 27.6** As per the Sale Purchase Agreement (SPA) signed by the Investment Bank and Al-Falah GHP Investment Management Limited (AGIML), the Investment Bank has agreed to indemnify AGIML against any unrecognised WWF contribution exposure not exceeding Rs.48.381 million (2013: Rs.48.381) in the collective investment schemes managed by IGI Funds Limited (previously wholly owned subsidiary of the Investment Bank) on the closure date i.e. October 14, 2013 of above SPA.
- 27.7** A suit has been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest, markup in connection with the transaction of asset backed securitisation between the parties. Issues have been framed for determination by the Court and the matter is at the stage of the evidence of the parties. Both the management and legal counsel are of the view that there is a reasonable probability of the Investment Bank's success in the aforesaid lawsuit.
- 27.8** A suit has been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and/or rendition of accounts and/or cancellation of cheques and damages of Rs.100 million. The Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties. Both the management and legal counsel are of the view that there is a reasonable probability of the Investment Bank's success in the aforesaid lawsuit.



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**27.9 Commitments**

There are no commitments as at the year end.

**28. INCOME FROM INVESTMENTS**

	2016			2015		
	Held for trading	Available for sale	Total	Held for trading	Available for sale	Total
<b>Note</b>	----- (Rupees in '000) -----					
<b>Interest / mark-up / profit from:</b>						
Market treasury bills	438	-	438	378	-	378
Pakistan investment bonds	-	-	-	-	-	-
Term finance certificates	-	-	-	-	-	-
	438	-	438	378	-	378
<b>Dividend income</b>	-	2,647	2,647	-	1,768	1,768
<b>Gain on disposal of:</b>						
Market treasury bills	-	-	-	15	-	15
Pakistan investment bonds	-	-	-	2,606	-	2,606
Term finance certificates	-	-	-	-	8,490	8,490
Unquoted shares and certificates	-	4,090	4,090	-	27,404	27,404
	-	4,090	4,090	2,621	35,894	38,515
	438	6,737	7,175	2,999	37,662	40,661

	Note	2016		2015	
		----- (Rupees in '000) -----			
<b>29 INCOME FROM LEASE FINANCE</b>					
Mark-up on lease finance		501	-	-	-
Front-end fees, documentation charges, other lease related income and termination losses - net		769	1,836	1,270	1,836
		1,270	1,836	1,270	1,836
<b>30 INCOME FROM FEES, COMMISSION AND BROKERAGE</b>					
Fee from corporate finance services		5,100	5,600	115,958	91,560
Brokerage income		7,745	7,268	128,803	104,428
Commission and advisory income		128,803	104,428	128,803	104,428
<b>31 OTHER OPERATING REVENUE</b>					
Profit on savings accounts - net	31.1	9,505	11,999	17,207	25,498
Income on deposit with Pakistan Stock Exchange Limited - net (formerly: Karachi Stock Exchange Limited)	31.1	3,188	3,931	17,207	25,498
Income on deposit with Pakistan Mercantile Exchange Limited		45	109	17,207	25,498
Return on short term investments		-	3,276	17,207	25,498
Liquidated damages		-	4,105	17,207	25,498
CDC conversion charges and commission		4,469	2,078	17,207	25,498
		17,207	25,498	17,207	25,498

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**31.1 PROFIT ON UNUTILISED FUNDS**

	Note	2016		
		Profit on savings account	Income on deposit with stock exchange	Total
				----- (Rupees in '000) -----
Gross revenue		11,569	4,299	15,868
Payable against profit on unutilised funds	26.2	2,064	1,111	3,175
Net revenue		9,505	3,188	12,693

	Note	2015		
		Profit on savings account	Income on deposit with stock exchange	Total
				----- (Rupees in '000) -----
Gross revenue		13,155	4,222	17,377
Payable against profit on unutilised funds	26.2	1,156	291	1,447
Net revenue		11,999	3,931	15,930

**32 FINANCE COSTS**

	Note	2016	2015
		----- (Rupees in '000) -----	
Mark-up on:			
Certificates of deposits		-	6,810
Bank charges		853	545
		<u>853</u>	<u>7,355</u>

**33 ADMINISTRATIVE AND GENERAL EXPENSES**

Salaries, allowances and benefits		81,637	66,603
Contribution to provident fund	33.1	581	616
Contribution to employees' old-age benefit institution		63	48
Depreciation on property and equipment and investment property		6,128	5,348
Amortisation on intangible assets		40	348
Rent, rates and taxes		8,612	8,523
Travelling and entertainment		3,787	4,624
Telephone, telex and fax		4,140	5,062
Printing, postage and stationery		2,085	2,637
Staff training and development		1,230	2,567
Insurance		2,587	2,166
Lighting, heating and cooling		2,776	2,831
Repairs and maintenance		398	3,223
Brokerage and commission		4,145	9,877
Legal and professional fees		9,683	17,341
Fees and subscription including stock exchange, clearing house and CDC charges		14,863	14,498
Computer expenses		7,264	7,478
Advertisement		932	1,328
Other expenses		2,228	2,431
		<u>153,179</u>	<u>157,549</u>

**33.1 Defined contribution plan**

An amount of Rs. 0.581 million (2015: Rs.0.616 million) has been charged during the year in respect of contributory provident fund maintained by the Investment Bank.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015
<b>34 OTHER INCOME</b>			
Income from financial assets			
Income from deposits with banks		519	538
Income from non-financial assets			
Gain on disposal of fixed assets		1,791	807
Gain on disposal of investment property		-	5,572
Miscellaneous income		1,273	3,289
Liabilities no longer required written back		1,177	-
		<u>4,760</u>	<u>10,206</u>
<b>35 OTHER EXPENSES</b>			
Auditors' remuneration	35.1	3,836	2,776
Workers Welfare Fund		61	492
		<u>3,897</u>	<u>3,268</u>
<b>35.1 Auditors' remuneration</b>			
		<b>2016</b>	
		----- (Rupees in '000) -----	
		<b>IGI Investment Bank</b>	<b>IGI Securities</b>
		<b>Total</b>	
Statutory audit fee		600	350
Half yearly review fee		375	-
Fee for consolidated financial statements of the Group		250	-
Special certification and other services		1,231	655
Out of pocket expenses		240	135
		<u>2,696</u>	<u>1,140</u>
		<u>3,836</u>	
		<b>2015</b>	
		----- (Rupees in '000) -----	
		<b>IGI Investment Bank</b>	<b>IGI Securities</b>
		<b>Total</b>	
Statutory audit fee		600	350
Half yearly review fee		375	-
Fee for consolidated financial statements of the Group		250	-
Special certification and other services		176	756
Out of pocket expenses		177	92
		<u>1,578</u>	<u>1,198</u>
		<u>2,776</u>	
<b>36 TAXATION</b>			
Current		(5,540)	(8,888)
Prior		2,512	-
Deferred		(437)	(220,511)
		<u>(3,465)</u>	<u>(229,399)</u>
<b>36.1 Relationship between tax expense and accounting loss</b>			

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented as there is a loss before taxation in the current year and the tax charge represents tax under Final Tax Regime, separate block of income and minimum tax.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	<b>2016</b>	<b>2015</b>
	----- (Rupees in '000) -----	
<b>37. EARNINGS / (LOSS) PER SHARE</b>		
Profit / (loss) after taxation	19,571	(194,700)
	----- (Number of shares) -----	
Weighted average number of Ordinary shares outstanding during the year	212,102,550	212,102,550
	----- (Rupee) -----	
Earnings / (loss) per share	0.09	(0.92)

**38. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES**

**38.1 IGI Investment Bank**

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive and Executives of IGI Investment Bank were as follows:

	Chief Executive**		Executives*		Total	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Managerial remuneration (including bonus)	7,534	4,000	3,833	4,681	11,367	8,681
House rent	2,716	1,800	1,624	2,107	4,340	3,907
Utilities	603	400	361	468	964	868
Medical expenses	583	400	-	-	583	400
Conveyance	763	310	377	464	1,140	774
Retirement benefits	583	400	342	474	925	874
Others	411	162	39	-	450	162
	<u>13,193</u>	<u>7,472</u>	<u>6,576</u>	<u>8,194</u>	<u>19,769</u>	<u>15,666</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>6</u>	<u>4</u>	<u>7</u>

\* The above includes an aggregate amount of Rs.4.01 million (2015: Rs.4.172 million) in respect of remuneration of key management personnel.

\*\* Out of this, an amount of Rs.9.682 million (2015: Rs.5.250) was charged by the Investment Bank to its subsidiary company under group shared services arrangement between the Investment Bank and its subsidiary.

**38.1.1** The Chief Executive and certain Senior Executives are provided with free use of IGI Investment Bank's owned and maintained cars.

**38.1.2** The Investment Bank also bears the travelling expenses of the Chief Executive and Directors relating to travel for official purposes.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**38.2 IGI Securities - (the Subsidiary Company)**

The aggregate amounts charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Executives and Director of the Subsidiary Company are as follows:

	<u>Chief Executive</u>		<u>Executives</u>		<u>Director</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	----- (Rupees in '000) -----							
Managerial remuneration	-	1,063	11,995	7,396	2,795	2,916	14,790	11,375
Reimbursements / other allowances	-	145	2,313	723	172	243	2,485	1,111
Housing	-	479	4,756	3,328	1,010	1,312	5,766	5,119
Utilities	-	258	1,057	740	225	291	1,282	1,289
Commission	-	-	1,209	848	115	-	1,324	848
	<u>-</u>	<u>1,945</u>	<u>21,330</u>	<u>13,035</u>	<u>4,317</u>	<u>4,762</u>	<u>25,647</u>	<u>19,742</u>
Number of persons *	<u>1 **</u>	<u>1 **</u>	<u>12</u>	<u>6</u>	<u>1</u>	<u>2</u>	<u>14</u>	<u>9</u>

\* The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

\*\* The current Chief Executive Officer is not drawing any remuneration from the Subsidiary Company.

**38.2.1** The Executive Director and certain Executives of the Subsidiary Company are provided with free use of Company owned and maintained vehicles.

**38.2.2** No meeting fee was paid to any of the Directors for attending the Board meetings (2015: Nil).

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**39 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 June 30, 2016 and June 30, 2015, refer respective notes.

	Entity having significant influence over the Investment Bank		Key management personnel (including directors)		Other related parties		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)							
<b>Transactions during the year</b>								
Certificates of deposit matured / pre-matured	-	175,000	-	-	-	-	-	175,000
Purchase of marketable securities for and on behalf of	2,049,691	160,430	886,260	61,480	536,622	41,751	3,472,573	263,661
Sale of marketable securities for and on behalf of	2,049,691	628,146	-	56,700	34,121	5,800	2,083,812	690,646
Brokerage income earned	10,248	2,915	1,130	94	764	309	12,142	3,318
Long term loan paid	-	-	17,000	32,000	-	-	17,000	32,000
Sale of marketable securities	-	40,801	-	-	-	-	-	40,801
Security deposit refunded	-	255	-	-	-	39	-	294
Insurance expense	1,762	252	-	-	150	1,274	1,912	1,526
Purchase of fixed asset - at cost	-	558	-	-	-	3	-	561
Disposal of fixed assets - at cost	99	2,350	-	-	469	-	568	2,350
Sale of fixed assets	-	742	-	-	208	2,311	208	3,053
Disposal of investment property	-	18,594	-	-	-	-	-	18,594
Remuneration paid to	-	-	-	-	17,710	15,825	17,710	15,825
Receipt from sale of property held as collateral	-	43,240	-	-	-	-	-	43,240
Group shared services reimbursement to	6,227	1,321	-	-	-	-	6,227	1,321
Group shared services reimbursement from	5,209	10,172	-	-	-	-	5,209	10,172
Commission and advisory income earned	5,500	-	-	-	660	-	6,160	-
Return on certificates of deposit paid	-	19,890	-	-	-	-	-	19,890
Return on certificates of deposit accrued	-	6,720	-	-	-	-	-	6,720
Rent expense	3,959	790	-	-	614	646	4,573	1,436
Charge for the year in respect of employee benefit and contribution plan	-	-	-	-	581	616	581	616
Insurance claim received	69	-	-	-	-	-	69	-

	Entity having significant influence over the Investment Bank		Key management personnel (including directors)		Other related parties		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in '000)							
<b>Balances at year end</b>								
Long-term loan	-	-	236,000	253,000	-	-	236,000	253,000
Payable to IGI Insurance Limited	31,516	32,482	-	-	-	-	31,516	32,482
Receivable in respect of Employee Benefit and Contribution Plan	-	-	-	-	-	140	-	140
Security deposit	498	498	-	-	752	733	1,250	1,231
Prepaid rent	40	92	-	-	21	20	61	112
Amounts due from related parties	4,432	4,432	-	46	173	98	4,605	4,576
Provision in respect of related parties	4,432	4,403	-	-	23	-	4,455	4,403
Payable against sale of marketable securities	-	-	-	-	875	745	875	745

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**39.1 Group shared services**

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

	Note	2016 ----- (Rupees in '000) -----	2015
<b>40 CASH GENERATED FROM OPERATING ACTIVITIES</b>			
Profit for the year before taxation		23,036	34,699
Adjustments for non cash and other items:			
Gain on disposal of fixed assets and investment property		(1,791)	(6,379)
Depreciation on property and equipment and investment property		6,128	5,348
Amortisation on intangible assets		40	348
Dividend income		(2,647)	(1,768)
Finance cost		853	7,355
Interest, mark-up and profit income		(14,964)	(22,067)
Gain on sale of investments		(4,090)	(38,515)
Provision / (reversal) for bad and doubtful loans and advances / lease losses - specific - net		(28,024)	(48,332)
Provision for residual values against lease losses		-	1,780
Loss on termination of leased assets		8,775	13,172
(Reversal) / impairment against term finance certificates - net		-	1,640
Impairment against investments		-	3,505
(Reversal) / provision for doubtful debts:			
Trade debts		(3,622)	(116)
Receivable against reverse repurchase transactions		1,121	8,109
Working capital changes	40.1	57,212	178,059
		18,991	102,139
		42,027	136,838

**40.1 Working capital changes**

**Decrease / (increase) in current assets:**

Short-term loans and advances		(1,182)	(182)
Trade debts - net		(8,335)	75,817
Net investment in finance lease		8,172	2,802
Deposit, prepayments and other receivables		(7,532)	40,320
		(8,877)	118,757

**(Decrease) / increase in current liabilities:**

Trade and other payables		66,089	59,302
		57,212	178,059

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**40.2 Cash and cash equivalents at the end of the year**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at June 30, 2016 and June 30, 2015:

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Cash and cash equivalents	16	245,851	192,791

**41 DISCLOSURE RELATING TO PROVIDENT FUND**

	2016 Un-audited ----- (Rupees in '000) -----	2015 Un-audited ----- (Rupees in '000) -----
(i) Size of the Fund	25,194	24,666
(ii) Cost of investments made	20,318	19,625
(iii) Percentage of investment made	81%	80%
(iv) Fair value of investments	24,534	23,432

	2016 (Rupees in '000)		2015 (Rupees in '000)	
<b>Breakup of investments</b>	%	%	%	%
Bank Deposits	4,215	17%	3,907	17%
Government Securities	12,958	53%	12,580	54%
Mutual Funds	6,573	27%	6,173	26%
Listed Securities	455	2%	439	2%
Term Finance Certificates	333	1%	333	1%
	24,534	100%	23,432	100%

The figure for 2016 and 2015 are based on the un-audited financial statements of Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for the purpose.

	2016 No. of Staff	2015 No. of Staff
Total number of employees as at June 30	65	52
Average number of employees during the year	60	48



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**42 DISCRETIONARY AND NON DISCRETIONARY PORTFOLIOS**

The Investment Bank is also acting as an Investment Advisor for various clients by providing services such as consultation in investment decisions, to sell, purchase, liquidate and otherwise manage the portfolio of securities. Investment advisory fee from the portfolio includes Management Fee and Performance Fee. Management fee is calculated annually based on assets under management, whereas, Performance Fee is calculated on profit earned over and above an agreed level of performance in the respective agreements with the clients. Performance fee is computed at the conclusion of the agreement period. The details of the portfolio of assets under management are as under:

	2016	2015
Number of clients	1	3
Total portfolio at cost (Rs in '000)	-	65,024
Total portfolio at market value (Rs in '000)	-	65,346
Fee earned (Rs in '000)	853	-

**42.1** The Investment Bank was maintaining the portfolio of three clients out of which two agreements expired during the year. As at June 30, 2016, the bank holds no investments on behalf of the client. An amount of Rs. 32,245 million is payable to J&P Coats, whose agreement expired during the year. This amount was returned to the client subsequent to the year end.

**43 FINANCIAL INSTRUMENTS BY CATEGORY**

	June 30, 2016			
	At fair value through profit or loss - held for trading	Loans and receivables	Available for sale	Total
	..... (Rupees in '000) .....			
<b>FINANCIAL ASSETS</b>				
<b>Non-current assets</b>				
Loans and advances - net	-	-	-	-
Long-term investments	-	-	62,340	62,340
Long-term deposits	-	8,832	-	8,832
	-	8,832	62,340	71,172
<b>Current assets</b>				
Trade debts - net	-	57,627	-	57,627
Net investment in finance lease	-	226,491	-	226,491
Short-term investments	6,742	-	3,280	10,022
Short-term loans and advances	-	1,919	-	1,919
Deposit and other receivables	-	154,574	-	154,574
Interest, mark-up and profit accrued	-	6,155	-	6,155
Cash and bank balances	-	245,851	-	245,851
	6,742	692,617	3,280	702,639
	6,742	701,449	65,620	773,811

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2016		
	Financial liabilities at amortised cost	At fair value through profit or loss	Total
<b>FINANCIAL LIABILITIES</b>	(Rupees in '000)		
<b>Non-current Liabilities</b>			
Long term loan	236,000	-	236,000
<b>Current liabilities</b>			
Certificates of deposit	6,082	-	6,082
Deposits under lease contracts	214,144	-	214,144
Interest and mark-up accrued	205	-	205
Trade and other payables	423,341	-	423,341
	643,772	-	643,772
	879,772	-	879,772

	June 30, 2015			
	At fair value through profit or loss - held for trading	Loans and receivables	Available for sale	Total
<b>FINANCIAL ASSETS</b>	(Rupees in '000)			
<b>Non-current assets</b>				
Non-current assets				
Loans and advances - net	-	-	-	-
Long-term investments	-	-	61,136	61,136
Long-term deposits	-	8,714	-	8,714
	-	8,714	61,136	69,850
<b>Current assets</b>				
Trade debts - net	-	45,670	-	45,670
Loans and advances - net	-	-	-	-
Net investment in finance lease	-	245,220	-	245,220
Short-term investments	7,801	-	3,280	11,081
Short-term loans and advances	-	738	-	738
Deposit and other receivables	-	147,911	-	147,911
Interest, mark-up and profit accrued	-	6,068	-	6,068
Cash and bank balances	-	192,791	-	192,791
	7,801	638,398	3,280	649,479
	7,801	647,112	64,416	719,329

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	June 30, 2015		
	Financial liabilities at amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>FINANCIAL LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Long term loan	253,000	-	253,000
<b>Current liabilities</b>			
Certificates of deposit	7,389	-	7,389
Deposits under lease contracts	222,316	-	222,316
Interest and mark-up accrued	260	-	260
Trade and other payables	356,511	-	356,511
	586,476	-	586,476
	839,476	-	839,476

**44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial liabilities comprise long term loan, certificate of deposits and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations and to provide guarantee to support its operations. The Group has lease, loan, lendings, investments, trade debts, other receivables and cash and short-term deposits that arrive directly from its operations. The Group also holds held for trading and available-for-sale investments.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees that financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and Group's risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

**44.1 Market risk**

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Group is exposed to market risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. The Group manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

Market risk mainly comprises of currency risk, interest rate risk and equity price risk.

**44.1.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As such the Group does not regularly deal in foreign currency transactions except for maintenance of foreign currency bank account which currently is denominated in US Dollars. The Group, at present is not exposed to significant currency risk.

**44.1.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is mainly exposed to mark-up / interest rate risk on its net investment in finance lease, loans and advances, investments, borrowings and certificates of deposits with fixed and floating interest rates. The Group manages its interest rate risk by having a balance between floating and fixed interest rate financial instruments.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

As at June 30, 2016	Effective rate %	Exposed to yield / market rate risk				Not exposed to yield / market rate risk
		Total	within one year	More than one year & less than five years	More than five years	
..... (Rupees in '000) .....						
<b>Financial assets</b>						
Financial assets						
Loans and advances - net	11.34 - 13.61	1,919	1,919	-	-	-
Net investment in lease finance	-	226,491	-	-	-	226,491
Investments	5.75 - 6.52	72,362	10,022	-	-	62,340
Long-term deposits	-	8,832	-	-	-	8,832
Deposits and other receivables	4.00 - 5.00	154,574	144,367	-	-	10,207
Trade debts - net	-	-	-	-	-	57,627
Interest, mark-up and profit accrued	-	6,155	-	-	-	6,155
Cash and bank balances	3.75 - 6.50	245,851	162,030	-	-	83,821
		773,811	318,338	-	-	455,473
<b>Financial liabilities</b>						
Long term loans	-	236,000	-	-	-	236,000
Certificates of deposit	10.00 - 14.50	6,082	6,082	-	-	-
Deposits under lease contracts	-	214,144	-	-	-	214,144
Interest and mark-up accrued	-	205	-	-	-	205
Trade and other payables	1.05 - 1.09	423,341	281,033	-	-	142,308
		879,772	287,115	-	-	592,657
<b>On-balance sheet gap</b>		(105,961)	31,223	-	-	(137,184)

As at June 30, 2015	Effective rate %	Exposed to yield / market rate risk				Not exposed to yield / market rate risk
		Total	within one year	More than one year & less than five years	More than five years	
..... (Rupees in '000) .....						
<b>Financial assets</b>						
Loans and advances - net	11.34 - 13.61	738	738	-	-	-
Net investment in lease finance	-	245,220	-	-	-	245,220
Investments	8.75 - 13.50	72,217	11,081	-	-	61,136
Long-term deposits	-	8,714	-	-	-	8,714
Deposits and other receivables	5.00 - 6.50	147,911	136,333	-	-	11,578
Trade debts - net	-	45,670	-	-	-	45,670
Interest, mark-up and profit accrued	-	6,068	-	-	-	6,068
Cash and bank balances	6.00 - 9.50	192,791	159,161	-	-	33,630
		719,329	307,313	-	-	412,016
<b>Financial liabilities</b>						
Long term loans	-	253,000	-	-	-	253,000
Certificates of deposit	10.00 - 14.50	7,389	7,389	-	-	-
Deposits under lease contracts	-	222,316	-	-	-	222,316
Interest and mark-up accrued	-	260	-	-	-	260
Trade and other payables	0 - 1.63	356,511	288,677	-	-	67,834
		839,476	296,066	-	-	543,410
<b>On-balance sheet gap</b>		(120,147)	11,247	-	-	(131,394)

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**44.1.3 Equity risk**

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors review and approve all equity investment decisions. Currently, Group's investments in listed equity securities only includes shares of Agritech Limited, and impact of price risk is not material. The Group is also exposed to equity price risk as at June 30, 2016 on their equity investments in PSX and LSE classified as available for sale. These investments have been carried at cost less accumulated impairment losses as they do not have a quoted market price and their fair value cannot be reliably measured. The management believes that a 10% increase or decrease in the carrying amount of these investments at June 30, 2016, with all other factors remaining constant, would result in an increase or decrease of Rs. 4.8 million of other comprehensive income during the year.

**44.2 Credit risk and concentrations of credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions to specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

The Group follows two sets of guidelines. It has its own operating policy and the management of the Group also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Group's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. Except for provision made against the loans and leases amounting to Rs. 546.872 million (refer note 7.2, 8.3 and 11.2), impairment against investments amounting to Rs. 234.916 million (refer note 6.1, 6.2 and 12.4), provision made against trade debts amounting to Rs. 585.386 million (refer note 13.2), provision against accrued mark-up amounting to Rs. 82.388 (refer note 15) and provision against other receivable amounting to Rs. 69.521 (refer note 14.2), the Group does not expect to incur material credit losses on its financial assets. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the balance sheet date was as follows:

	<b>2016</b>	<b>2015</b>
	----- (Rupees in '000) -----	
Loans and advances	1,919	738
Net investment in finance lease	226,491	245,220
Investments	72,362	72,217
Long-term deposits	8,832	8,714
Trade debts	57,627	45,670
Other receivables	154,574	147,911
Interest, mark-up and profit accrued	6,155	6,068
Cash and bank balances	245,822	192,777
	773,782	719,315

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**44.2.1** The aging for loans, advances and leases of the Investment Bank, at the balance sheet date is as follows:

	Gross	2016 Provision	Net	Gross	2015 Provision	Net
----- (Rupees in '000) -----						
Past due more than 365 days	773,363	(546,872)	226,491	820,116	(574,896)	245,220

Except for the provision disclosed above, no provision has been recognised in respect of these loans and leases as the Investment Bank holds equivalent amount of security deposits from the respective lessees and collateral against lease contracts (i.e. forced sale value of collateral) amounting to Rs.226.491 million (2015: Rs.245.220 million).

**44.2.2** The aging for trade debts of the Subsidiary Company, at the balance sheet date is as follows:

	2016			2015		
	Gross	Provision	Net	Gross	Provision	Net
----- (Rupees in '000) -----						
Past due 1-30 days	40,324	-	40,324	29,286	-	29,286
Past due 31 days -60 days	1,225	-	1,225	54	-	54
Past due 60 days -90 days	29	-	29	45	-	45
More than 90 days	601,435	(585,386)	16,049	726,562	(710,277)	16,285
	643,013	(585,386)	57,627	755,947	(710,277)	45,670

The provisions in respect of above debts have been made on debt amount exceeding the custody of equity securities held by the Subsidiary Company.

**2016**                      **2015**  
**Un-audited**              **Un-audited**  
----- (Rupees in '000) -----

**44.2.3 Bank balances**

The analysis below summarises the credit quality of the Group's bank balances (other than balance maintained with the State Bank of Pakistan).

AAA	239,983	187,772
AA+	685	2,386
AA	36	35
AA	1,161	943
A1+	-	1,339
A+	1,419	41
A	1,022	83
A-	71	-
	244,377	192,599

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**44.2.4** Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

The Group seeks to manage its credit risk through diversification of financing activities to avoid undue concentrations of credit risk with individuals or groups of customers in specific locations or businesses. It also obtains securities when appropriate. Details of the composition of loans and lease portfolios of the Group are given below:

	<b>2016</b>		<b>2015</b>	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Breakup of investments</b>				
Dairy and poultry	239	0.11	239	0.10
Cement	870	0.38	870	0.35
Health	3,357	1.48	3,357	1.37
Glass and ceramics	1,082	0.48	1,082	0.44
Leather	5,025	2.22	5,025	2.05
Paper and board	4,376	1.93	4,376	1.78
Construction	5,060	2.23	5,450	2.22
Energy, oil and gas	6,977	3.08	15,467	6.31
Electric and electric goods	16,102	7.11	16,102	6.57
Chemicals / fertilizers / pharmaceuticals	13,759	6.08	13,759	5.61
Food, tobacco and beverages	9,941	4.39	9,941	4.05
Steel, engineering and automobiles	10,438	4.61	12,098	4.93
Textile / textile composite	12,492	5.52	12,492	5.11
Textile / textile composite	8,861	3.91	15,949	6.50
Miscellaneous (including individuals)	127,912	56.48	129,013	52.61
	<u>226,491</u>	<u>100.00</u>	<u>245,220</u>	<u>100.00</u>

	<b>2016</b>		<b>2015</b>	
	(Rupees in '000)	%	(Rupees in '000)	%
Services (including insurance)	10,725	18.61%	245	0.54%
Banking, capital market and financial institutions	29,322	50.88%	3,933	8.61%
Individuals	17,580	30.51%	27,383	59.96%
Clearing house	-	0.00%	14,109	30.89
	<u>57,627</u>	<u>100%</u>	<u>45,670</u>	<u>100%</u>

**44.3 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet the commitments associated with financial instruments. To safeguard this risk, the Group has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile of assets and liabilities is monitored to ensure adequate liquidity is maintained. The Group has the ability to mitigate any short-term liquidity gaps by disposal of short-term investments and the availability of liquid funds at short notice.

The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the Group's history and the availability of liquid funds. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

As at June 30, 2016	Total	Within one year	More than one year and less than five years	More than five years
..... (Rupees in '000) .....				
<b>Assets</b>				
Fixed assets	42,735	-	42,735	-
Investments	72,362	10,022	-	62,340
Loans and advances - net	1,919	1,919	-	-
Net investment in finance lease	226,491	226,491	-	-
Long-term deposits	8,832	-	-	8,832
Deferred tax assets - net	83,046	6,509	39,702	36,835
Taxation - net	196,348	196,348	-	-
Trade debts - net	57,627	57,627	-	-
Deposit, prepayments and other receivables	156,089	156,089	-	-
Interest, mark-up and profit accrued	6,155	6,155	-	-
Cash and bank balances	245,851	245,851	-	-
	1,097,455	907,011	82,437	108,007
<b>Liabilities</b>				
Certificates of deposit	6,082	6,082	-	-
Long-term loan	236,000	-	-	236,000
Deposits under lease contracts	214,144	214,144	-	-
Interest and mark-up accrued	205	205	-	-
Trade and other payables	434,024	434,024	-	-
	890,455	654,455	-	236,000
	<u>207,000</u>	<u>252,556</u>	<u>82,437</u>	<u>(127,993)</u>



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

As at June 30, 2015	Total	Within one year	More than one year and less than five years	More than five years
..... (Rupees in '000) .....				
<b>Assets</b>				
Fixed assets	42,727	-	42,727	-
Investment property	-	-	-	-
Investments	72,217	11,081	-	61,136
Loans and advances - net	738	738	-	-
Net investment in finance lease	245,220	245,220	-	-
Long-term deposits	8,714	-	-	8,714
Deferred tax assets - net	83,483	7,569	49,538	26,376
Taxation - net	189,306	189,306	-	-
Trade debts - net	45,670	45,670	-	-
Deposit, prepayments and other receivables	150,192	150,192	-	-
Interest, mark-up and profit accrued	6,068	6,068	-	-
Cash and bank balances	192,791	192,791	-	-
	1,037,126	848,635	92,265	96,226
<b>Liabilities</b>				
Certificates of deposit	7,389	7,389	-	-
Long term Loan	253,000	-	-	253,000
Deposits under lease contracts	222,316	222,316	-	-
Interest and mark-up accrued	260	260	-	-
Trade and other payables	367,936	367,936	-	-
	850,901	597,901	-	253,000
	186,225	250,734	92,265	(156,774)

**45 CAPITAL RISK MANAGEMENT**

As stated in note 1, the Group comprises of the following companies:

1. IGI Investment Bank
2. IGI Securities

The objective of managing capital and the policies and processes followed for its management relating to each of the above companies is disclosed below:

**IGI Investment Bank**

Capital requirements applicable to the Investment Bank are set and regulated by the SECP. These requirements are put in place to ensure sufficient solvency margins. The Investment Bank manages its capital requirements by assessing its capital structure against the required level on a regular basis. The minimum equity requirement as per the NBFC Regulations for a non-deposit taking NBFC is Rs.180 million. As at June 30, 2016, the Investment Bank's total equity is Rs. 49.057 million (see note 1.1.2).

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**IGI Securities (the Subsidiary Company)**

The primary objective of the Subsidiary Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital. Net capital requirements of the Subsidiary Company are set and regulated by the Pakistan Stock Exchange. These requirements are put into place to ensure sufficient solvency margins and are based on excess of current assets over liabilities.

The Subsidiary Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Subsidiary Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Subsidiary Company finances its operations through equity including advance against preference shares, borrowing and management of its working capital with a view to maintain an approximate mix between various sources of finance to minimise risk.

**46 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

- (a) IGI Securities (the Subsidiary Company) purchases and sells securities as either principal or agents on behalf of its customers. If either the customer or a counterparty fails to perform, the Subsidiary Company may be required to discharge the obligation on behalf of the non-performing party. In such circumstances, the Subsidiary Company may sustain losses if the market value of the security is different from the contracted value of the transaction less any margin deposits that the Subsidiary Company has on hand. Where the customer operates through institutional delivery system, the Subsidiary Company is not exposed to this risk.

The majority of the Subsidiary Company's transactions, and consequently, the concentration of its credit exposure are with the customers and other financial institutions. The Subsidiary Company seeks to control its credit risk through a variety of reporting and controls procedures, including establishing credit limits based upon a review of the counterparties' financial condition. The Subsidiary Company monitors collateral levels on a regular basis and requests changes in collateral level as appropriate or if considered necessary.

- (b) The Subsidiary Company enters into security transactions on behalf of its customers involving future settlement. The Subsidiary Company has entered into transactions that gives rise to future settlement, the unsettled amount as on June 30, 2016 of these future transactions is Rs. 0.510 million (2015: Rs. 39.614 million). Transactions involving future settlement give rise to market risk, which represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The credit risk for these transactions is limited to the unrealised market valuation losses which have been recorded in the statement of accounts of the customers. As explained above, credit risk is controlled through a variety of reporting and controls procedures.

**47 FAIR VALUE OF FINANCIAL INSTRUMENTS**

- 47.1** International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at June 30, 2016, the fair values of all financial instruments are based on the valuation methodology outlined below:

**(a) Finances and certificates of deposit**

For all finances (including leases, loans and advances and trade debts) the fair values have been taken at carrying amounts as these are not considered materially different from their fair values based on the current yields / market rates and repricing profiles of similar finance and deposit portfolios.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**(b) Investments**

The fair values of quoted investments are based on quoted market prices. Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment, if any.

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

	<b>2016</b>	<b>2015</b>
	----- (Rupees in '000) -----	
Investment in quoted companies	11,622	-
Government securities, listed and unlisted term finance certificates	-	10,022
	11,622	10,022
	11,622	10,022
Investment in quoted companies	10,418	-
Government securities, listed and unlisted term finance certificates	-	11,081
	10,418	11,081
	10,418	11,081

Investment in the shares of Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange Limited) and LSE Financial Services Limited (formerly: Lahore Stock Exchange Limited) classified as available for sale have been carried at cost less accumulated impairment loss as they do not have a quoted market price and their fair value cannot be reliably measured. Therefore, analysis of financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised is not presented.

**(c) Other financial instruments**

The fair values of all other financial instruments are considered to approximate their carrying amounts.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

**48. SEGMENTAL ANALYSIS**

	2016			
	Financing activities	Investment activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	7,175	-	7,175
Income from lease finance	1,270	-	-	1,270
Other operating revenue	-	-	17,207	17,207
Income from fees, commission and brokerage	-	8,250	120,553	128,803
<b>Total income for reportable segments</b>	1,270	15,425	137,760	154,455
Finance costs	-	(181)	(672)	(853)
Administrative and general expenses (excluding depreciation and amortisation)	(8,255)	(1,013)	(76,471)	(85,739)
Depreciation and amortisation	(83)	(1,008)	(5,077)	(6,168)
Reversal/ (provision) for bad and doubtful debts (specific) - net	28,024	-	3,622	31,646
Reversal/ (provision) against other assets	(197)	-	(924)	(1,121)
Loss on termination of lease contracts	(8,775)	-	-	(8,775)
Impairment (charge)/ reversal against investments	-	-	-	-
<b>Segment result</b>	11,984	13,223	58,238	83,445
Other operating income				4,760
Gain on settlement of other receivables				-
Impairment in the value of assets acquired in settlement of claims			-	
Unallocated administrative expenses				(61,272)
Unallocated other operating expenses				(3,897)
<b>Profit before taxation</b>				23,036
Segment assets	226,491	72,362	204,961	503,814
Unallocated assets				593,641
				1,097,455
Segment liabilities	456,431	-	322,146	778,577
Unallocated liabilities				111,878
				890,455
Capital expenditure - tangible	-	99	7,363	7,462
	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2016

	2015			
	Financing activities	Investment activities	Brokerage activities	Total
	----- (Rupees in '000) -----			
Income from investments	-	40,661	-	40,661
Income from lease finance	1,836	-	-	1,836
Other operating revenue	-	-	25,498	25,498
Income from fees, commission and brokerage	-	8,891	95,537	104,428
<b>Total income for reportable segments</b>	<b>1,836</b>	<b>49,552</b>	<b>121,035</b>	<b>172,423</b>
Finance costs	-	(6,810)	(545)	(7,355)
Administrative and general expenses (excluding depreciation and amortisation)	(14,726)	(11,754)	(62,369)	(88,849)
Depreciation and amortisation	(55)	(1,483)	(4,158)	(5,696)
Reversal/ (provision) for bad and doubtful debts (specific) - net	48,332	-	116	48,448
Reversal/ (provision) against other assets	(3,986)	-	(5,903)	(9,889)
Gain on settlement of term finance certificate	-	-	-	-
Loss on termination of lease contracts	(13,172)	-	-	(13,172)
Impairment (charge)/ reversal against investments	-	(5,145)	-	(5,145)
<b>Segment result</b>	<b>18,229</b>	<b>24,360</b>	<b>48,176</b>	<b>90,765</b>
Other operating income				10,206
Gain on settlement of other receivables				-
Impairment in the value of assets acquired in settlement of claims				-
Unallocated administrative expenses				(63,030)
Unallocated other operating expenses				(3,242)
<b>Profit before taxation</b>				<b>34,699</b>
Segment assets	245,220	72,217	184,770	502,207
Unallocated assets				534,919
				1,037,126
Segment liabilities	482,965	-	294,809	777,774
Unallocated liabilities				73,127
				850,901
Capital expenditure - tangible	-	1,947	9,793	11,740
Capital expenditure - intangible	-	-	-	-

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**49 DATE OF AUTHORISATION FOR ISSUE**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on September 30, 2016.

**50 GENERAL**

**50.1** Figures have been rounded off to the nearest thousand rupees.

**50.2** Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in the consolidated financial statements.

**Chairman**

**Chief Executive Officer**

**STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of IGI Investment Bank Limited ('the Investment Bank') as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Investment Bank's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Investment Bank as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Investment Bank's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Investment Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Investment Bank's affairs as at June 30, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

We draw attention towards:

- i) note 1.3 to the financial statements which states that the Investment Bank has accumulated losses at June 30, 2016 amounting to Rs. 2,212.300 million. Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Regulations for non-deposit taking NBFCs. These conditions, along with other matters as set forth in note 1.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Investment Bank's ability to continue as a going concern; and
- ii) notes 6.5, 7.3, 8.5 and 12.5 to the financial statements which state certain non-compliances with the NBFC Regulations, 2008.

Our opinion is not qualified in respect of the above matters.

Chartered Accountants  
Engagement Partner: Shahbaz Akbar

Dated: October 6, 2016

Karachi



**BALANCE SHEET**  
AS AT JUNE 30, 2016

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>ASSETS</b>			
Non-current assets			
Fixed assets	5	4,174	5,226
Long-term investments	6	218,423	217,219
Long-term loans and advances	7	-	-
Net investment in finance lease	8	-	-
Long-term deposits		4,393	4,375
Deferred tax asset - net	9	-	-
		226,990	226,820
Current assets			
Current maturity of non-current asset	10	226,491	245,220
Short-term loans and advances	11	-	-
Short-term investments	12	10,022	11,081
Taxation - net		156,826	153,629
Prepayments and other receivables	13	7,030	8,007
Cash and bank balances	14	36,760	8,184
		437,129	426,121
<b>TOTAL ASSETS</b>		<b>664,119</b>	<b>652,941</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Authorised share capital			
300,000,000 (2015: 300,000,000) Ordinary shares of Rs.10/- each		3,000,000	3,000,000
Share capital	15	2,121,025	2,121,025
Reserves	16	140,332	140,332
Accumulated losses		(2,212,300)	(2,212,074)
		49,057	49,283
Surplus / (deficit) on revaluation of investments - net of tax	17	1,204	-
Non-current liabilities			
Long-term loans	18	305,860	322,860
Long-term certificates of deposit	19	-	-
Long-term deposits under lease contracts	20	-	-
		305,860	322,860
Current liabilities			
Current maturity of non-current liabilities	21	220,226	229,705
Interest and mark-up accrued	22	6,776	4,307
Trade and other payables	23	80,996	46,786
		307,998	280,798
<b>TOTAL LIABILITIES</b>		<b>613,858</b>	<b>603,658</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>664,119</b>	<b>652,941</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

Chief Executive Officer

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>Income</b>			
Income from investments	25	5,260	36,272
Income from lease finance	26	1,270	1,836
Income from fee, commission and brokerage	27	8,250	8,891
		14,780	46,999
Finance costs	28	6,205	10,857
		8,575	36,142
Administrative and general expenses	29	29,130	39,750
		(20,555)	(3,608)
Other income	30	1,791	4,265
		(18,764)	657
Other expenses	31	2,757	2,070
		(21,521)	(1,413)
Reversal of provision against bad and doubtful loans and advances / lease losses - specific - net	7.2, 8.3 & 11.2	28,024	48,332
Provision for residual values against lease losses		-	(1,780)
Provision against other assets	13.1	(197)	(2,206)
Loss on termination of lease contracts		(8,775)	(13,172)
Impairment against investments:			
listed equity securities		-	(3,505)
term finance certificates	12.4	-	(1,640)
		-	(5,145)
(Loss) / profit before taxation		(2,469)	24,616
Taxation - net	32	2,243	(7,112)
		(226)	17,504
(Loss) / profit after taxation		-	-
Other comprehensive income		-	-
Total comprehensive (loss) / income		(226)	17,504
		----- (Rupee) -----	
(Loss) / earnings per share	33	(0.001)	0.083

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

Chief Executive Officer

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / Profit before taxation		(2,469)	24,616
Adjustments for non cash and other items:			
Gain on disposal of fixed assets		(42)	(669)
Depreciation on property and equipment		1,051	1,245
Amortisation on intangible assets		40	293
Interest, mark-up and profit income		(2,227)	(2,752)
Gain on sale of investments		(4,090)	(35,894)
Dividend income		(732)	-
Finance costs		6,205	10,857
Reversal of provision against bad and doubtful loans and advances / lease losses - specific - net		(28,024)	(48,332)
Provision for residual values against lease losses		-	1,780
Provision against other assets		197	2,206
Loss on termination of lease contracts		8,775	13,172
Impairment / (reversal of impairment) against investments		-	5,145
Working capital changes	38	42,647	4,830
		23,800	(48,119)
Cash generated from / (used in) operations		21,331	(23,503)
Net recovery from long-term loans and advances		12,458	31,616
Net recovery from finance lease		17,863	33,080
Long-term deposits		(18)	294
Repayments of long-term and short term certificates of deposits - net		(1,307)	(177,360)
Payments of deposits under lease contracts		(8,172)	(2,802)
Interest, mark-up and profit received		2,227	2,752
Dividend received		732	-
Finance cost paid		(3,736)	(19,537)
Income tax received / (paid)		(954)	79,136
Net cash generated from / (used in) operating activities		40,424	(76,324)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(99)	(1,947)
Proceeds from sale of long term investments - net		4,090	40,801
Proceeds from sale of short term investments - net		1,059	689
Proceeds from disposal of fixed assets		102	2,311
Net cash flows generated from investing activities		5,152	41,854
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance - net		(17,000)	37,860
Net cash flows (used in) / generated from financing activities		(17,000)	37,860
Net increase in cash and cash equivalents		28,576	3,390
Cash and cash equivalents at the beginning of the year		8,184	4,794
Cash and cash equivalents at the end of the year	14	36,760	8,184

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

Chief Executive Officer

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Reserves			Total	
	Capital	Revenue			
	Statutory reserve	General reserve	Accumulated losses		
Issued, subscribed and paid-up capital					
----- (Rupees in '000) -----					
Balance as at July 01, 2014	2,121,025	97,098	39,733	(2,226,077)	31,779
Profit after tax for the year ended June 30, 2015	-	-	-	17,504	17,504
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	17,504	17,504
Transfer to statutory reserve	-	3,501	-	(3,501)	-
Balance as at June 30, 2015	2,121,025	100,599	39,733	(2,212,074)	49,283
Loss after tax for the year ended June 30, 2016	-	-	-	(226)	(226)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(226)	(226)
Balance as at June 30, 2016	<u>2,121,025</u>	<u>100,599</u>	<u>39,733</u>	<u>(2,212,300)</u>	<u>49,057</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

Chief Executive Officer

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Pakistan Credit Rating Agency (PACRA) has assigned the Investment Bank a rating of 'BBB-' (long-term credit rating) and 'A3' (short-term credit rating) on January 14, 2016.

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

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

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

Currently, the Investment Bank continues to face financial difficulties. These include the fact that as at June 30, 2016, the Investment Bank has accumulated losses amounting to Rs. 2,212.300 million (June 30, 2015: Rs. 2,212.074 million). Licenses of the Investment Bank in respect of undertaking leasing and investment finance services, which expired during the year ended June 30, 2013 have not been renewed by SECP since the aforesaid expiry.

Further, the Investment Bank is not in compliance with the minimum equity requirement as specified under the NBFC Rules and NBFC Regulations as amended by Securities and Exchange Commission of Pakistan (SECP) vide SRO 1002(I)/2015 dated October 15, 2015 and SRO 1160(I)/2015 dated November 25, 2015 respectively for NBFCs undertaking leasing, investment finance and investment advisory activities. Since August 2014, the Investment Bank has not raised any fresh deposits or rolled over existing deposits and the management is in the process of repaying all its deposits, in compliance with the directives earlier issued by the SECP. As at June 30, 2016, deposits payable amounted to Rs. 6.082 million. Further, the management of the Investment Bank does not intend to engage in deposit taking activities going forward. Accordingly, the minimum equity required by the investment bank to operate as a non-deposit taking NBFC is Rs.180 million, however the equity of the Investment Bank at the period-end amounted to Rs. 49.057 million (June 30, 2015: Rs. 49.283 million). Furthermore, as per rule 10A of the amended Rules and Regulation 69 of the amended Regulations, NBFCs are required to comply with amended Rules and Regulations (including compliance with minimum equity requirement) within six months of coming into effect of the amendments i.e. by May 2016 and SECP has been requiring the Investment Bank to meet its minimum equity requirement on priority basis.

Additionally, subsequent to the year end, SECP has declined to accede the application of the Investment Bank to renew its registration as Debt Securities Trustee due to non-renewal of its investment finance license and non-compliance with minimum equity requirement.

In order to formulate a viable business model for the Investment Bank, the Board of Directors of the Investment Bank had earlier approved the proposed merger of IGI Finex Securities Limited, a corporate brokerage house and 100% owned subsidiary of the

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Investment Bank with and into the Investment Bank. It was envisioned that the said merged entity will be able to offer a full suite of investment products to its clients from a single platform including stocks, commodities and fixed income brokerage, mutual funds distribution as well as the value added services of investment advisory, portfolio management and corporate advisory services. The said decision was taken in light of the draft NBFC Rules and Regulations that were issued by SECP whereby NBFCs were to be permitted to undertake the aforesaid businesses from a single entity. However, consequent to the final amendments in NBFC Rules and NBFC Regulations that have now been enacted by SECP, the management reassessed the proposed merger and concluded that the same is no more possible. Accordingly, the management has evaluated other options for the Investment Bank.

On the other hand, IGI Insurance Limited, a major shareholder holding 42.006% of the shares of IGI Investment Bank is also contemplated overall restructuring of IGI group's financial services businesses. One of the prime desired objective of the proposed restructuring is to create a 'financial services holding company' of the group, in line with international practices, that owns subsidiaries as may be feasible for the respective businesses. This revised structure will facilitate operations, management and ownership in a focused/flexible manner.

Consequent to the evaluation of other options for the Investment Bank and proposed overall restructuring being contemplated for IGI group's financial services businesses, the Board of Directors of the Investment Bank has approved in its meeting held on September 22, 2016 the following:

- to abandon the previously proposed merger of IGI Finex Securities Limited, a corporate brokerage house and 100% owned subsidiary of the Investment with and into the Investment Bank; and
- as part of proposed overall restructuring of IGI group's financial services businesses and subject to applicable financial, tax and legal advice, the proposed merger of the Investment Bank with and into IGI Insurance Limited, a major shareholder holding 42.006% of the shares of the Investment Bank (Proposed Amalgamation).

The Proposed Amalgamation will be finalized after appropriate evaluation based on applicable financial, tax and legal advice, determination of the final structure and swap ratio and its approval by the Board of Directors and is subject to the procurement of all applicable regulatory, corporate and shareholders approvals, finalization of relevant documentation and sanction of the Scheme of Amalgamation by the Honorable High Court of Sindh at Karachi.

## 2 BASIS OF PREPARATION

### 2.1 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 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.

### 2.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standard, interpretations and amendment to published approved accounting standards are mandatory for the accounting period beginning on or after July 1, 2015:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

- IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRS. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. The amendment did not have a significant effect on the financial statements of the Investment Bank other than additional disclosures given in note 43 to these financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or do not have any significant effect on the Investment Bank's financial statements and are, therefore, not detailed in these financial statements.

### 2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain new and amended standards and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or do not have any significant effect on the Investment Bank's financial statements and are therefore not detailed in these financial statements.

Further, the following new standards have been issued by the IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standards	IASB effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
IFRS 16 – Leases	January 01, 2019

## 3 BASIS OF MEASUREMENT

### 3.1 Critical accounting judgments and estimates

The preparation of financial statements requires the use of certain critical accounting judgments and estimates, that effect the reported amount of revenue, expenses, assets and liabilities. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, estimated results may differ from actual. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Investment Bank's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- i) Determination and measurement of useful life and residual value of property and equipment (notes 4.1.1 and 5.1).
- ii) Amortisation of intangible assets (notes 4.1.2 and 5.2).
- iii) Classification and valuation of investments (notes 4.2, 6 and 12).
- iv) Impairment of investments (notes 4.2, 6 and 12)'
- v) Classification and provision of loans and advances, net investment in finance lease and other receivables (notes 4.8, 7, 8, 10, 11 and 13).
- vi) Provision for taxation and deferred tax (notes 4.9, 9 and 32).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**3.2 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Investment Bank operates. These financial statements are presented in Pak Rupees which is the Investment Bank's functional currency.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

**4.1 Fixed assets**

**4.1.1 Property and equipment**

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that future economic benefits associated with the asset will flow to the Investment Bank and the cost of the item can be measured reliably. All other maintenance and normal repairs are charged to the profit and loss account as and when incurred.

Depreciation on property and equipment is charged to profit and loss account using the straight line method in accordance with the rates specified in note 5.1 to these financial statements after taking into account residual value, if significant. The residual values and useful lives are reviewed and adjusted prospectively, if appropriate, at each balance sheet date.

Depreciation on all additions to property and equipment is charged from the month in which the asset is available for use, while in case of assets disposed of, no depreciation is charged in the month of disposal.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

**4.1.2 Intangible**

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Investment Bank and the cost of the item can be measured reliably. Amortisation on intangible assets is charged to profit and loss account using the straight line method in accordance with the rates specified in note 5.2 to these financial statements after taking into account residual amount, if any. The residual values and useful lives are reviewed and adjusted prospectively, if appropriate at each balance sheet date.

Amortisation on all additions to intangible assets having a finite useful life is charged from the month in which the asset is available for use, while in case of assets disposed of, no amortisation is charged in the month of disposal.

Intangibles assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4.2 Investments**

The management of the Investment Bank classifies its investments in the following categories: held-for-trading, available-for-sale and held to maturity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this classification on a regular basis.

**(a) Held-for-trading**

These are investments which are either acquired principally for the purpose of generating profits from short-term fluctuations in market prices, interest rate movements, dealer's margin or are investments included in a portfolio in which a pattern of short-term profit taking exists.

**(b) Held-to-maturity**

These are investments with fixed or determinable payments and fixed maturity that the Investment Bank has the positive intent and ability to hold to maturity.

**(c) Available-for-sale**

These are investments other than those in subsidiaries and associates, that do not fall under the categories of held-for-trading and held to maturity.

In accordance with the requirements of SECP, investments in quoted securities (other than those classified as held to maturity and investments in subsidiaries and associates) are marked to market, in accordance with the guidelines contained in the State Bank of Pakistan's (SBP) BSD Circular No. 20 dated August 04, 2000 using rates quoted on Reuters, stock exchange quotes and brokers' quotations. Any difference between the carrying amount (representing cost adjusted for amortisation of premium or discount, if any) and market value is taken to the 'surplus / (deficit) on revaluation of investments' account and shown separately in the balance sheet below shareholders' equity. At the time of disposal the respective surplus or deficit is transferred to the profit and loss account.

Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment losses, if any, in accordance with the requirements of the above mentioned circular.

Premiums and discounts on held-to-maturity and available-for-sale investments are amortised using the effective interest rate method and taken to income from investments.

Impairment loss in respect of investments is recognised when there is any objective evidence as a result of one or more events that may have an impact on the estimated future cash flows of the investment. A significant or prolonged decline in the fair value of an investment in listed equity security below its cost is also an objective evidence of impairment. Provision for impairment in the value of investment, if any, is taken to the profit and loss account. In case of impairment of equity securities (both classified as held-for-trading and available-for-sale), the cumulative loss that has been recognised directly in 'surplus / (deficit) on revaluation of investments' on the balance sheet below equity is removed therefrom and recognised in the profit and loss account. Any subsequent increase in the value of these investments is taken directly to 'surplus / (deficit) on revaluation of investments' account which is shown on the balance sheet below equity. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

Investments are derecognised when the right to receive the cash flows from the investments has expired, realised or transferred and the Investment Bank has transferred substantially all risks and rewards of ownership.

**(d) Investment in subsidiaries and associates**

Investments in subsidiaries and associates are stated at cost less accumulated impairment losses, if any. In arriving at the impairment loss in the value of these investments, consideration is only given if there is a permanent impairment in the value of investments.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4.3 Trade date accounting**

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognised on the trade date. Trade date is the date on which the Investment Bank commits to purchase or sell the investment.

**4.4 Derivative instruments**

Derivative instruments held by the Investment Bank generally comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in prepayments and other receivables and derivatives with negative market values (unrealised losses) are included in trade and other payables in the balance sheet.

**4.5 Securities under repurchase / reverse repurchase agreements**

Transactions of repurchase / reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

a) Repurchase agreement

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is accrued as mark-up / interest expense on borrowings over the life of the repo agreement.

b) Reverse repurchase agreement

Reverse repurchase investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognised in the balance sheet. Amounts paid under these obligations are included in lendings. The difference between purchase and resale price is accrued as return from lendings over the life of the reverse repo agreement.

**4.6 Finances**

Finances in the form of long-term loans and advances and short-term loans and advances include demand finance, installment finance, inter swift loan and term finance. These are stated at cost less provision for doubtful finance, if any, determined as per the requirements of the NBFC Regulations.

**4.7 Net investment in finance lease**

Leases in which the Investment Bank transfers substantially all the risk and rewards incidental to the ownership of the asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the lease payments, including any guaranteed residual value which are included in the financial statements as 'net investment in finance leases'.

Provision for non-performing leases is made in accordance with the requirements of the NBFC Regulations and is charged to the profit and loss account.

**4.8 Provision for bad and doubtful loans and advances / lease losses and write offs**

The provision for bad and doubtful loans and advances / lease losses, if any, is made in accordance with the requirements of the NBFC Regulations issued by the SECP.

Loans and advances and outstanding balances in net investment in finance lease are written off when there is no realistic prospect of recovery.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4.9 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

**Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemption available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

**Deferred**

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. A deferred tax asset is recognised for all deductible temporary differences and the tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the tax losses can be utilised. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

The Investment Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of investments which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 'Income Taxes'.

**4.10 Assets acquired in settlement of claims**

The Investment Bank acquires certain vehicles and other assets in settlement of non-performing loans / leases. These are stated at lower of the original cost of the related asset, exposure to the Investment Bank and the net realisable value. The net gains or losses on disposal of these assets is taken to the profit and loss account.

**4.11 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand and balances with banks in current accounts, savings accounts and short-term running finances.

**4.12 Impairment**

At each balance sheet date, the Investment Bank reviews the carrying amounts of its assets for indications of impairment loss. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

**4.13 Provisions**

Provisions are recognised when the Investment Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

4.14 Staff retirement benefits

4.14.1 Defined contribution plan

The Investment Bank operates an approved Provident Fund for its permanent employees. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Investment Bank and the employees.

4.14.2 Employees' compensated absences

Employees' entitlement to annual leave is recognised when they accrue to employees. A provision is made for estimated liability for annual leaves as a result of services rendered by the employee against unavailed leaves, as per term of service contract, up to balance sheet date.

4.15 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by law, made subsequent to the balance sheet date are considered as non-adjusting events. These are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

4.16 Revenue recognition

Income from finance lease

Finance method is used in accounting for recognition of income from lease financing. Under this method, the unearned lease income (the excess of aggregate lease rentals and the residual value over the cost of leased asset) is deferred and then taken to profit and loss account over the term of lease period, applying the annuity method so as to produce a constant rate of return on the outstanding balance in net investment in lease. Front-end fees, documentation charges, gains / (losses) on termination of lease contracts and other lease related income are taken to profit and loss account when they are realised.

Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the NBFC Regulations issued by the SECP.

Income from loans and advances, investments and other sources

Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis using the effective interest method, except that mark-up income / interest / return on non-performing advances and investments is recognised on a receipt basis in accordance with the requirements of the NBFC Regulations issued by the SECP. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the aforementioned regulations, except where, in the opinion of the management, it would not be prudent to do so.

Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

Dividend from equity securities is recognised when the Investment Bank's right to receive the dividend is established.

Commission income and fees are taken to the profit and loss account when the services are provided and when right to receive the fees is established.

Return on bank deposits are recognised on time proportionate basis.

Other income is recognised on accrual basis.

4.17 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak rupees at the rate of exchange ruling on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing on the balance

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

sheet date. Exchange gain / (loss) is charged to current year's profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

**4.18 Financial instruments**

All the financial assets and financial liabilities are recognised at the time when the Investment Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Investment Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

**4.19 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Investment Bank has a legally enforceable right to set-off the recognised amounts and also intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**4.20 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

**4.21 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which case such costs are capitalised as part of the cost of that asset. Currently, the Investment Bank does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

**4.22 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**4.23 Earnings per share**

The Investment Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Investment Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016	2015
		-----	-----
		(Rupees in '000)	
<b>5. FIXED ASSETS</b>			
Property and equipment	5.1	4,170	5,182
Intangible assets	5.2	4	44
		4,174	5,226
<b>5.1 Property and equipment</b>			
		(Rupees in '000)	
<b>As at July 1, 2014</b>			
Cost		9,379	3,161
Accumulated depreciation		(8,008)	(2,563)
Net book value as at July 1, 2014		1,371	598
<b>For the year ended June 30, 2015</b>			
Opening net book value		1,371	598
Additions		-	-
Disposals			
- Cost		-	-
- Accumulated depreciation		-	-
		-	-
Depreciation charge		(246)	(126)
Net book value as at June 30, 2015		1,125	472
<b>As at July 1, 2015</b>			
Cost		9,379	3,161
Accumulated depreciation		(8,254)	(2,689)
Net book value as at July 1, 2015		1,125	472
<b>For the year ended June 30, 2016</b>			
Opening net book value		1,125	472
Additions		-	-
Disposals			
- Cost		-	-
- Accumulated depreciation		-	-
		-	-
Depreciation charge		(245)	(126)
Net book value as at June 30, 2016		880	346
<b>As at June 30, 2016</b>			
Cost		9,379	3,161
Accumulated depreciation		(8,499)	(2,815)
Net book value as at June 30, 2016		880	346
Annual rate of depreciation		10%	10%
		20%	20%
		20%	20%

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

5.1.1 Cost and accumulated depreciation at the end of the year include Rs.11.681 million (2015: Rs.11.488 million) in respect of fully depreciated assets still in use.

	Computer Software
	(Rupees in '000)
5.2 Intangible assets	
As at July 1, 2014	
Cost	12,849
Accumulated amortisation	(12,512)
Net book value as at July 1, 2014	337
For the year ended June 30, 2015	
Opening net book value	337
Amortisation for the year	(293)
Net book value as at June 30, 2015	44
As at July 1, 2015	
Cost	12,849
Accumulated amortisation	(12,805)
Net book value as at July 1, 2015	44
For the year ended June 30, 2016	
Opening net book value	44
Amortisation for the year	(40)
Net book value as at June 30, 2016	4
As at June 30, 2016	
Cost	12,849
Accumulated amortisation	(12,845)
Net book value as at June 30, 2016	4
Annual rate of amortisation	20%

5.2.1 Cost and accumulated amortisation at the end of the year include Rs.12.848 million (2015: Rs.12.549 million) in respect of fully amortised intangible assets still in use.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

5.3 Disposal of fixed assets

Particulars of fixed assets disposed during the year are as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
----- (Rupees in '000) -----							
Assets with book value of less than Rs. 50,000							
Property and equipment							
Motor vehicles	303	243	60	102	42	Negotiation	Outsider Muhammad Asim Hussain Khan
2015	<u>303</u>	<u>243</u>	<u>60</u>	<u>102</u>	<u>42</u>		
2014	<u>3,421</u>	<u>1,779</u>	<u>1,642</u>	<u>2,311</u>	<u>669</u>		

6.	LONG-TERM INVESTMENTS	Note	2016 ----- (Rupees in '000) -----	2015
	Related parties - at cost			
	Investment in 100% owned unquoted subsidiary company - IGI Finex Securities Limited	6.1	204,083	204,083
	Others - available-for-sale			
	Investment in unquoted companies	6.2	2,718	2,718
	Investment in quoted companies	6.3	11,622	10,418
	Investment in unquoted preference shares	6.4	-	-
			<u>14,340</u>	<u>13,136</u>
			<u>218,423</u>	<u>217,219</u>
6.1	Investment in 100% owned unquoted subsidiary company			
	Cost		652,571	652,571
	Addition during the year		-	-
	Accumulated impairment		(448,488)	(448,488)
	Net book value		<u>204,083</u>	<u>204,083</u>
6.2	Investment in unquoted companies			
	Number of ordinary shares	Particulars		
	2015	2014		
	7,600,000	7,600,000	DHA Cogen Limited	76,000
	1,123,318	1,123,318	Techlogix International Limited	12,782
				88,782
			6.5	88,782
		Less: Provision for impairment	(86,064)	(86,064)
			<u>2,718</u>	<u>2,718</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016	2015		-----	-----
		(Rupees in '000)				
<b>6.3 Investment in quoted companies</b>						
Number of ordinary shares of Rs. 10 each		2016	2015	Particulars		
1,352,992		1,352,992		Agritech Limited	6.5	47,355
				Less: Provision for impairment	6.3.1	(35,733)
						<u>11,622</u>
						<u>10,418</u>

6.3.1 This represents ordinary shares of Agritech Limited which are subject to sale lock-in-period of 5 years in terms of the Share Purchase Agreement (SPA) dated July 26, 2012 between Azgard Nine Limited (ANL) and various lenders including the Investment Bank. However, as per the Share Purchase Agreement (SPA), the sale restriction is not applicable to transactions between the lenders of ANL.

	Note	2016	2015		-----	-----
		(Rupees in '000)				
<b>6.4 Investment in unquoted preference shares</b>						
Number of preference shares of Rs. 10 each		2016	2015	Particulars		
-		2,000,000		First Dawood Investment Bank Limited	6.6	-
				Rate of preference dividend: 4% - cumulative		20,000
				Terms of conversion: 5 years convertible, cumulative, non voting, non-participatory, callable preference		
				shares. Issue date: June 09, 2010		
				Less: Provision for impairment		-
						<u>20,000</u>
						<u>-</u>

6.5 As at June 30, 2016, the Investment Bank's exposure in certain scripts exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 19(g) of the NBFC Regulations, 2008 which requires that a NBFC shall not hold shares on aggregate basis, whether as pledgee, or absolute owner, of an amount exceeding fifteen percent of the paid-up share capital of that company or fifteen percent of its own equity, whichever is less.

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

Moreover, the Investment Bank was not in compliance with Regulation 17C(2) of the NBFC Regulations, 2008 which require that the total investment made in equity securities of any company shall not exceed ten percent of the paid-up capital of the investee company or ten percent of its own equity, whichever is less.

6.6 During the year, unquoted preference shares of First Dawood Investment Bank Limited were converted into ordinary shares and the same have been sold.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
7. LONG-TERM LOANS AND ADVANCES - NET			
Unsecured and considered good - due from:			
Related parties			
Executives		-	-
Secured and considered good - due from:			
Others			
Companies, organisations and individuals		-	-
Considered doubtful			
Others			
Companies, organisations and individuals - secured	7.1 & 7.3	191,274	203,029
Individuals - unsecured		18,055	18,258
		209,329	221,287
Less: Provision there against	7.2	(209,329)	(221,287)
		-	-
Less: Current maturity of long-term loans and advances - net	10	-	-
		-	-

7.1 These loans carry mark-up at rate of 11.34% (2015: 11.34%) per annum and are repayable over periods ranging from 1 to 9 years (2015: 1 to 9 years) from the date of disbursement. Repayment terms vary from monthly basis to repayments at maturity. These loans are secured against mortgage of properties and hypothecation of vehicles.

7.2 Long-term loans and advances include Rs.209.329 million (2015: Rs.221.287 million) relating to loans due from companies, organisations and individuals which have been classified as non-performing as per the requirements of the NBFC Regulations issued by the SECP. The provision held against these loans is as follows:

	2016			2015		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	221,287	-	221,287	228,192	-	228,192
Charge for the year	-	-	-	-	-	-
Reversals during the year	(11,958)	-	(11,958)	(6,905)	-	(6,905)
	(11,958)	-	(11,958)	(6,905)	-	(6,905)
Closing balance	209,329	-	209,329	221,287	-	221,287

7.2.1 The Investment Bank has not availed any benefit of forced sale value of collaterals while determining the provisioning requirements against non-performing loans and advances as at June 30, 2016 (2015: Nil).

7.3 As at June 30, 2016, the Investment Bank's fund based exposure in five customers of loans and advances exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of equity of the NBFC.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 -----
8. NET INVESTMENT IN FINANCE LEASE			
Lease rentals receivables		194,890	221,013
Add: Residual value		<u>214,144</u>	<u>222,316</u>
		409,034	443,329
Less: Unearned finance income		-	-
	8.1 & 8.5	<u>409,034</u>	<u>443,329</u>
Less: Provision for lease losses	8.3	(182,543)	(198,109)
Less: Current maturity of net investment in finance lease	8.4 & 10	<u>(226,491)</u>	<u>(245,220)</u>
		-	-

8.1 Particulars of net investment in finance lease

	2016			2015		
	Not later than one year	Later than one year but not later than five years	Total	Not later than one year	Later than one year but not later than five years	Total
	----- (Rupees in '000) -----					
Lease rental receivables	194,890	-	194,890	221,013	-	221,013
Add: Residual value	<u>214,144</u>	-	<u>214,144</u>	<u>222,316</u>	-	<u>222,316</u>
Gross investment in finance lease	409,034	-	409,034	443,329	-	443,329
Less: Unearned finance income	-	-	-	-	-	-
Net investment in finance lease	<u>409,034</u>	-	<u>409,034</u>	<u>443,329</u>	-	<u>443,329</u>

8.2 The Investment Bank has entered into various lease agreements for period of 1 to 7 years (2015: 1 to 7 years). The rate of return implicit in the leases ranges from 14% to 17% (2015: 14% to 17%) per annum. Generally, leased assets are held as securities. In certain instances, the Investment Bank has also obtained additional collateral in the form of personal guarantees.

8.3 Provisions for lease losses

	2016			2015		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	198,109	-	198,109	224,536	-	224,536
Charge for the year	577	-	577	6,829	-	6,829
Reversal during the year	(16,143)	-	(16,143)	(33,256)	-	(33,256)
	(15,566)	-	(15,566)	(26,427)	-	(26,427)
Closing balance	<u>182,543</u>	-	<u>182,543</u>	<u>198,109</u>	-	<u>198,109</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

- 8.3.1 Based on the NBFC Regulations, the aggregate net exposure in finance leases which have been placed under non-performing status amounted to Rs.194.890 million (2015: Rs.221.013 million) against which a provision of Rs.182.543 million (2015: Rs.198.109 million) has been made after deducting the value of collateral (i.e. forced sale value) amounting to Rs.12.347 million (2015: Rs.22.904 million). The total income suspended against the non-performing parties amounted to Rs.89.599 million (2015: Rs.80.296 million).
- 8.4 This includes Rs.214.144 million (2015: Rs.222.316 million) representing overdue lease receivables at the year end against which no provision has been made by the Investment Bank as the Investment Bank holds equivalent amount of security deposits from the respective lessees.
- 8.5 As at June 30, 2016, the Investment Bank's fund based exposure in six customers of leases exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of equity of the NBFC.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
9. DEFERRED TAX ASSET - NET			
Deferred tax assets on all deductible temporary differences	9.1	83,133	80,546
Deferred tax liabilities on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		(83,133)	(80,546)
Surplus on revaluation of investments	17	-	-
		(83,133)	(80,546)
	9.2	-	-

- 9.1 The Investment Bank has an aggregate amount of Rs.665.290 million (2015: Rs.802.812 million) in respect of unabsorbed tax losses and tax credits. Due to a history of tax losses and uncertainty in respect of future taxable profits, the Investment Bank has recognised a deferred tax asset arising from unused tax losses and tax credits to the extent of sufficient taxable temporary differences available in the future.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
9.2 Movement in deferred tax asset			
Opening balance		-	-
Recognised during the year		-	-
Deferred tax impact of surplus on revaluation of investments		-	-
		-	-
10. CURRENT MATURITY OF NON-CURRENT ASSETS			
Current maturity of long-term loans and advances - net	7	-	-
Current maturity of net investment in finance lease	8 & 10.1	226,491	245,220
		226,491	245,220

- 10.1 This includes residual value of Rs.214.144 million (2015: Rs.222.316)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>11. SHORT-TERM LOANS AND ADVANCES</b>			
Considered doubtful			
Due from companies and organisations		155,000	155,500
Less: Provision thereagainst	11.1 & 11.2	(155,000)	(155,500)
		-	-
		-	-

11.1 The balance has been provided as per the requirements of the NBFC Regulations.

**11.2 Movement in provision**

Opening balance	155,500	170,500
Charge / (reversal)	(500)	(15,000)
Closing balance	155,000	155,500

**12. SHORT-TERM INVESTMENTS**

		2016			2015		
		Held by the Investment Bank	Given as collateral	Total	Held by the Investment Bank	Given as collateral	Total
Note	-----	(Rupees in '000) -----					
<b>Held-for-trading</b>							
Government securities	12.1	6,742	-	6,742	7,801	-	7,801
<b>Available-for-sale</b>							
Listed term finance certificates	12.2	8,135	-	8,135	8,135	-	8,135
Unlisted term finance certificates	12.2 & 12.5	108,264	-	108,264	108,264	-	108,264
		116,399	-	116,399	116,399	-	116,399
		123,141	-	123,141	124,200	-	124,200
Impairment loss on term finance certificates	12.4	(113,119)	-	(113,119)	(113,119)	-	(113,119)
		10,022	-	10,022	11,081	-	11,081
		-	-	-	-	-	-

12.1 Particulars relating to government securities are as follows:

	2016			2015		
	Face value	Amortised cost	Market value	Face value	Amortised cost	Market value
Particulars	----- (Rupees in '000) -----					
Market Treasury Bills	6,855	6,745	6,742	8,000	7,814	7,801
	6,855	6,745	6,742	8,000	7,814	7,801
	-	-	-	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

12.2 Available-for-sale investments - term finance certificates

Number of certificates		Particulars	Issue date	2016		2015	
2016	2015			Amortised cost	Market value	Amortised cost	Market value
LISTED TERM FINANCE CERTIFICATES							
Textile							
5,000	5,000	Azgard Nine Limited II* (see note 12.3)	September 20, 2005	8,135	8,135	8,135	8,135
				8,135	8,135	8,135	8,135

Number of certificates		Particulars	Issue date	2016		2015	
2016	2015			Amortised cost	Market value	Amortised cost	Market value
UNLISTED TERM FINANCE CERTIFICATES							
4,000	4,000	Agritech Limited I* (see note 12.3)	November 30, 2007	19,980	19,980	19,980	19,980
861	861	Agritech Limited IV* (see note 12.3)	July 01, 2011	4,305	4,305	4,305	4,305
13,000	13,000	Azgard Nine Limited IV* (see note 12.3)	December 04, 2007	28,178	28,178	28,178	28,178
5,348	5,348	Azgard Nine Limited V* (see note 12.2.1 & 12.3)	March 31, 2012	-	-	-	-
3,000	3,000	Eden Housing Limited*	December 31, 2007	6,560	6,560	6,560	6,560
10,000	10,000	New Allied Electronics Industries (Private) Limited - Sukuk* (see note 12.3)	December 03, 2007	49,241	49,241	49,241	49,241
				108,264	108,264	108,264	108,264

\* These represent non-performing Term Finance Certificates and provision has been made thereagainst as per the requirements of the NBFC Regulations, 2008 (see note 12.4).

12.2.1 This represents zero coupon Term Finance Certificates (TFCs) having a face value of Rs.26.740 million, issued in lieu of outstanding mark-up on non-performing TFCs of Azgard Nine Limited and have been recorded at Rs.Nil.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

12.3 Significant terms and conditions relating to Term finance certificates are as follows:

Particulars	Certificates Denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
Listed Term Finance Certificates					
Azgard Nine Limited II	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	September 20, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.699 million), 2016-2017: 53% (Rs.799 million).
Unlisted Term Finance Certificates / Sukuk					
Agritech Limited I	5,000	Average ask rate of six months KIBOR plus 1.75%	Semi-annually	November 29, 2019	12 semi-annual installments with stepped up repayment plan, 2012-2014: 35% (Rs.524,580,000), 2015-2017: 65% (Rs.974,220,000).
Agritech Limited IV	5,000	Zero Coupon	-	January 01, 2015	Principal to be repaid in 6 semi-annual installments as per schedule, commencing from July 01, 2012.
Azgard Nine Limited IV	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	December 04, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.1,166 million), 2016-2017: 53% (Rs.1,332 million).
Azgard Nine Limited V	5,000	Zero Coupon	-	March 31, 2017	Principal to be repaid in 7 semi-annual installments as per schedule, commencing from March 31, 2014.
Eden Housing Limited	5,000	Average ask rate of three months KIBOR plus 2.5% per annum from December 31, 2007 to June 29, 2013 (floor 7% and cap 20%)  Average ask rate of three months KIBOR plus 3% per annum from June 30, 2013 to June 29, 2014 (floor 7% and cap 20%)	Quarterly	June 29, 2014	Principal to be redeemed in unequal quarterly installments as per schedule.
New Allied Electronics Industries (Private) Limited - Sukuk	5,000	Average ask rate of three months KIBOR plus 2.2% (floor 7% and cap 20%)	Semi-annually	December 03, 2012	Principal redemption will take place in six equal semi annual installments. This will commence from the 30th month of the date of public subscription after a grace period of 24 months.

2016                      2015  
----- (Rupees in '000) -----

12.4 Movement in provision against investments

Opening balance	113,119	161,419
Charge for the year	-	1,640
Reversals during the year	-	-
Written-off during the year	-	1,640
Sold during the year	-	(49,940)
Closing balance	<u>113,119</u>	<u>113,119</u>

12.5 As at June 30, 2016, the Investment Bank's fund based exposure in certain term finance certificates exceeded fifteen percent of the equity of the Investment Bank which is not in accordance with Regulation 17(1) of the NBFC Regulations, 2008 which requires that the maximum outstanding fund based exposure to any single person should not exceed fifteen percent of equity of the NBFC.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>13. PREPAYMENTS AND OTHER RECEIVABLES</b>			
Prepayments			
Rent		61	112
Others		524	1,135
Other receivables - net			
Secured - considered good			
Excise duty paid on behalf of customers		3,652	4,438
Others		2,793	2,322
Unsecured and considered doubtful			
Federal excise duty receivable from customer		1,941	1,941
Receivable from lessees in satisfaction of claims		21,336	21,410
Insurance rentals receivable		1,502	1,502
Excise duty paid on behalf of customers		819	33
Assets repossessed in respect of terminated lease contracts		512	1,027
Others		3,607	3,607
		<u>29,717</u>	<u>29,520</u>
		36,747	37,527
Less: Provision against bad and doubtful receivables	13.1	<u>(29,717)</u>	<u>(29,520)</u>
		<u>7,030</u>	<u>8,007</u>
<b>13.1 Movement in provision</b>			
Opening balance		29,520	27,314
Charge for the year		786	6,032
Reversal during the year		(589)	(3,826)
Closing balance		<u>29,717</u>	<u>29,520</u>
<b>14 CASH AND BANK BALANCES</b>			
Cheques in hand		1,085	-
In current accounts			
State Bank of Pakistan		360	177
Others			
Local currency		568	2,466
Foreign currency		1,353	1,313
		1,921	3,779
In savings accounts			
Local currency	14.1	33,394	4,228
		<u>36,760</u>	<u>8,184</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

14.1 These represent deposit accounts with commercial banks carrying mark-up at rates ranging between 3.75% to 6.5% (2015: 5% to 6.5%) per annum.

15. SHARE CAPITAL

	2016	2015
	----- (Rupees in '000) -----	
Authorised capital 300,000,000 (2015: 300,000,000) Ordinary shares of Rs.10 each	3,000,000	3,000,000
Issued, subscribed and paid-up capital		
190,993,300 (2015: 190,993,300) Ordinary shares of Rs.10 each fully paid in cash	1,909,933	1,909,933
21,109,250 (2015: 21,109,250) Ordinary shares of Rs.10 each issued as fully paid bonus shares	211,092 2,121,025	211,092 2,121,025

The following shares were held by the related parties of the Group as at June 30, 2016:

	2016		2015	
	Shares held (in million)	Percentage	Shares held (in million)	Percentage
Name of related party				
Packages Limited	4.611	2.174%	4.611	2.174%
IGI Insurance Limited	89.095	42.006%	89.095	42.006%
Directors, Chief Executive and their spouse and minor children	9.985	4.710%	9.984	4.710%

		2016	2015
	Note	----- (Rupees in '000) -----	
16. RESERVES			
Capital reserve			
Statutory reserve	16.1	100,599	100,599
Revenue reserves			
General reserve		39,733	39,733
		140,332	140,332

16.1 Statutory reserve represents amount set aside as per the requirements of clause 16 of the NBFC Regulations issued by the SECP.

		2016	2015
	Note	----- (Rupees in '000) -----	
17. SURPLUS ON REVALUATION OF INVESTMENTS - NET			
Net surplus / (deficit) on revaluation of quoted securities	17.1	1,204	-
		1,204	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
17.1 Particulars of deficit on revaluation of investments - net			
Opening balance		-	-
Surplus arising on revaluation of investments during the year		1,204	-
Closing balance		1,204	-
18. LONG-TERM LOAN			
Unsecured			
Local currency - from sponsor	18.1	236,000	253,000
Local currency - from subsidiary	18.2	69,860	69,860
		305,860	322,860

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

During the year ended June 30, 2016, the Investment Bank has made repayment of all deposits along with mark-up, except for five depositors with aggregate deposits amounting to Rs.6.082 million since they are either untraceable or their deposit is under lien as per court order for payment of FED / CED. These Certificates of Deposit have already matured and mark-up payable on these till maturity is Rs.0.205 million. In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter settled, the Investment Bank has placed an amount of Rs.6.7 million in Market Treasury Bills.

In light of the above, the Investment Bank has made prepayment of Rs.49 million against the aforesaid loan till June 30, 2016 which includes prepayment of Rs.17 million during the year.

18.2 During the previous year, the Investment Bank had entered into a long term loan agreement with its wholly owned subsidiary (IGI Finex Securities Limited) for Rs.85 million. Under the terms of the Loan Agreement, the loan was to be disbursed in multiple tranches, on such dates and in such amount as may be mutually agreed by the parties to the agreement. The loan carries markup rate at 1 month KIBOR + 2% and is repayable at the earlier of the expiry of 36 months from the date of disbursement of first tranche of the loan or upon occurrence of any change in the shareholding of the Investment Bank or the board of directors of the Investment Bank that would result in change of control of the Investment Bank from the persons in whose hands it vests as of the date of the Loan Agreement ('the Due Date'), as the case may be. The Investment Bank may, at its discretion, prepay all or any portion of the aforesaid loan at any time prior to the Due Date. As at June 30, 2016, the Investment Bank has received Rs.69.860 million out of the total amount of the loan i.e. Rs.85 million.

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
19. LONG-TERM CERTIFICATES OF DEPOSIT			
Unsecured			
Individuals	19.1	6,082	7,389
Less: Current maturity of long-term certificates of deposit	21	(6,082)	(7,389)
		-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

19.1 These certificates of deposit have contractual maturities ranging from 1 to 8 years (2015: 1 to 8 years) from the contract date. Expected rates of return payable on these certificates ranges from 6.25% to 12.50% (2015: 6.25% to 12.50%) per annum.

	Note	2016 ----- (Rupees in '000)	2015 -----
<b>20. LONG-TERM DEPOSITS UNDER LEASE CONTRACTS</b>			
Deposits under lease contracts	20.1	214,144	222,316
Less: Current maturity of deposits under lease contracts	21	(214,144)	(222,316)
		<u>                    -</u>	<u>                    -</u>

20.1 These represent interest free security deposits received against lease contracts which are repayable / adjustable at the expiry / termination of the respective leases.

	Note	2016 ----- (Rupees in '000)	2015 -----
<b>21. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Current maturity of long-term certificates of deposit	19	6,082	7,389
Current maturity of long-term deposits under lease contracts	20 & 21.1	214,144	222,316
		<u>220,226</u>	<u>229,705</u>

21.1 This represents security deposits held by Investment Bank under lease contracts against which an equivalent amount of residual value is receivable as disclosed in note 10.1 to these financial statements.

	Note	2016 ----- (Rupees in '000)	2015 -----
<b>22. INTEREST AND MARK-UP ACCRUED</b>			
Unsecured			
Long-term finance			
Certificates of deposit		205	260
Long term loan from subsidiary	18.2	6,571	4,047
		<u>6,776</u>	<u>4,307</u>

**23. TRADE AND OTHER PAYABLES**

Accrued expenses	23.1	8,415	6,561
Payable to customers on account of excess recoveries		3,028	3,028
Unclaimed dividends		305	305
Withholding tax payable		62	82
Advances from lessees		7,970	8,430
Payable to IGI Insurance Limited - a related party		22,381	22,652
Payable to J&P Coats in respect of portfolio management		32,245	-
Others		6,590	5,728
		<u>80,996</u>	<u>46,786</u>

23.1 This includes amount of Rs.0.052 million payable to IGI Finex Securities Limited.

**24. CONTINGENCIES AND COMMITMENTS**

Contingencies

**24.1 Taxation**

Income tax returns for the tax years 2011, 2012, 2013, 2014 and 2015 have been filed by the Investment Bank on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

As per latest assessments / amended orders including assessment years 1998-1999 to 2015, issued by tax authorities, tax liability aggregating to Rs.163.531 million was determined and tax deductions / credits aggregating to Rs.337.781 million were allowed, leading to an aggregate assessed refund (after prior year adjustments and refund received etc.) of Rs. 90.216 million.

The difference between the aggregate tax liability declared (in the original / revised returns) and assessed (as per latest assessment /amended orders), and aggregate tax deductions and credits relates to various matters that are pending at various appellate forums in respect of appeals filed by the Investment Bank and tax authorities in relation to various assessment / tax years.

Matters that are being contested mainly include the following:

- (a) the rate of tax applied in computing the tax liability of the Investment Bank was that applicable to a banking company instead of rate applicable for a public company. Lahore High Court in the assessment year 1997-98 has decided in favour of the Investment Bank.
- (b) the dividend income was taxed at normal tax rate on dividend income instead of charging tax at the reduced tax rate of 5%.
- (c) addition on account of depreciation as a result of restricting the claim of depreciation upto net income from leased assets.
- (d) disallowance of certain expenses and additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses relating to various assessment years.
- (e) charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime.
- (f) disallowance of initial depreciation on leased commercial vehicles.
- (g) addition as a result of proration of expenses between exempt income (capital gains), dividend income and business income.
- (h) addition of Rs.18.445 million as a result of proration of finance cost between brokerage, commission income and business income.
- (i) addition on account of specific provisions of Rs.117.639 million.

The management and its tax advisor are confident that all above matters will eventually be decided in favor of the Investment Bank.

24.2 As per the Sale Purchase Agreement (SPA) signed by the Investment Bank and Al-Falah GHP Investment Management Limited (AGIML), the Investment Bank has agreed to indemnify AGIML against any unrecognised Workers Welfare Fund contribution exposure not exceeding Rs.48.381 million (2015: Rs.48.381) in the collective investment schemes managed by IGI Funds Limited (previously a wholly owned subsidiary of the Investment Bank) on the closure date i.e. October 14, 2013 of above SPA.

### 24.3 Claims not acknowledged as debts

A suit has been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest, markup in connection with the transaction of asset backed securitisation between the parties. Issues have been framed for determination by the Court and the matter is at the stage of the evidence of the parties.

A suit has been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and/or rendition of accounts and/or cancellation of cheques and damages of Rs.100 million. The Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties.

The management, based on the advice of this legal advisor is confident that the matters will be decided in favour of the Investment Bank.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

24.4. Commitments

There are no commitments as at the year end.

25. INCOME FROM INVESTMENTS

	2016			2015		
	Held-for-trading	Available-for-sale	Total	Held-for-trading	Available-for-sale	Total
Interest / mark-up / profit from:	----- (Rupees in '000) -----					
Interest / mark-up / profit from:						
Market treasury bills	438	-	438	378	-	378
Term finance certificates	-	-	-	-	-	-
	438	-	438	378	-	378
Dividend income	-	732	732	-	-	-
Gain / (loss) on disposal of:						
Term finance certificates	-	-	-	-	8,490	8,490
Unquoted shares and certificates	-	4,090	4,090	-	27,404	27,404
	-	4,090	4,090	-	35,894	35,894
	438	4,822	5,260	378	35,894	36,272

Note  
----- (Rupees in '000) -----

26. INCOME FROM LEASE FINANCE

Mark-up on lease finance	501	-
Front-end fee, documentation charges and other lease related income	769	1,836
	<u>1,270</u>	<u>1,836</u>

27. INCOME FROM FEE, COMMISSION AND BROKERAGE

Fee from corporate finance services	5,100	5,600
Commission and advisory income	3,150	3,291
	<u>8,250</u>	<u>8,891</u>

28. FINANCE COSTS

Mark-up on:		
Long-term finance	6,024	4,047
Certificates of deposit	-	6,720
Bank charges	181	90
	<u>6,205</u>	<u>10,857</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>29. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries, allowances and benefits		15,372	14,726
Contribution to the provident fund	29.1	581	616
Contribution to employees' old-age benefit institution		63	48
Depreciation on property and equipment	5.1	1,051	1,245
Amortisation on intangible assets	5.2	40	293
Rent, rates and taxes		1,559	1,788
Travelling and entertainment		199	1,096
Telephone, telex and fax		499	1,055
Printing, postage and stationery		455	759
Insurance		634	639
Lighting, heating and cooling		137	286
Repairs and maintenance		198	306
Computer expenditure		1,084	1,745
Legal and professional fees		5,644	13,628
Subscriptions		689	1,146
Advertisement		543	99
Other expenses		382	275
		29,130	39,750
<b>29.1. Defined contribution plan</b>			
An amount of Rs. 0.581 million (2015: Rs.0.616 million) has been charged during the year in respect of contributory provident fund maintained by the Investment Bank.			
		2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
<b>30. OTHER INCOME</b>	Note		
Income from financial assets			
Income from deposits with banks		519	538
Income from non-financial assets			
Gain on disposal of fixed assets		42	669
Others		1,230	3,058
		1,791	4,265
<b>31. OTHER EXPENSES</b>			
Auditors' remuneration	31.1	2,696	1,578
Workers Welfare Fund		61	492
		2,757	2,070

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
31.1 Auditors' remuneration			
Statutory audit fee		850	850
Half yearly review fee		375	375
Special certification and other services		1,231	176
Out of pocket expenses		240	177
		2,696	1,578
32. TAXATION			
Current		437	7,112
Prior		(2,680)	
Deferred	9.2	-	-
		(2,243)	7,112
32.1 Relationship between tax expense and accounting loss			2015 Rupees in '000
(Loss) / Profit before tax			24,616
Tax calculation at the rate of 33%			8,123
Effect of items taxable under lower rates			(757)
Effect of permanent differences			2,673
Effect of differences due to restriction of deferred tax			(2,912)
Others			(15)
			7,112
For the year 2016 numerical reconciliation between the average tax rate and applicable tax rate has not been presented as there is a loss before taxation in the current year and the tax charge represents tax under Final Tax Regime and separate block of income.			
33. EARNINGS / (LOSS) PER SHARE		2016 ----- (Rupees in '000) -----	2015 ----- (Rupees in '000) -----
Loss / (profit) after taxation		(226)	17,504
		----- Number of shares -----	
Weighted average number of ordinary shares outstanding during the year		212,102,550	212,102,550
		----- (Rupee) -----	
Loss / earnings per share		(0.01)	0.080

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

34. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive		Executives		Total	
	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----					
Managerial remuneration (including bonus)	7,534	4,000	3,833	4,681	11,367	8,681
House rent	2,716	1,800	1,624	2,107	4,340	3,907
Utilities	603	400	361	468	964	868
Medical expenses	583	400	-	-	583	400
Conveyance	763	310	377	464	1,140	774
Retirement benefits	583	400	342	474	925	874
Others	411	162	39	-	450	162
	13,193	7,472	6,576	8,194	19,769	15,666
Number of persons	1	1	3	6	4	7

\* The above includes an aggregate amount of Rs.4.01 million (2015: Rs.4.172 million) in respect of remuneration of key management personnel.

\*\* Out of this, an amount of Rs.9.682 million (2015: Rs.5.250) was charged by the Investment Bank to its subsidiary company under group shared services arrangement between the Investment Bank and its subsidiary.

34.1 The Chief Executive and certain Senior Executives are provided with free use of the Investment Bank's owned and maintained cars.

34.2 The Investment Bank also bears the travelling expenses of the Chief Executive and Directors relating to travel for official purposes.

35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of entities having significant influence over the Investment Bank, subsidiary of the Investment Bank, 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 Investment Bank 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 which is disclosed in note 34 to these financial statements. For information regarding outstanding balances as at June 30, 2016 and June 30, 2015, refer to respective notes.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Entity having significant influence over the Investment Bank		Subsidiary		Key management personnel (including directors)		Other related parties		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	(Rupees in '000)										
Transactions during the year											
Certificates of deposit matured / pre-matured	-	175,000	-	-	-	-	-	-	-	-	175,000
Long term loan received	-	-	-	69,860	-	-	-	-	-	-	69,860
Long term loan paid	-	-	-	-	-	-	17,000	32,000	17,000	32,000	-
Sale of marketable securities	-	40,801	4,227	-	-	-	-	-	4,227	40,801	-
Security deposit refunded	-	255	-	-	-	-	-	39	-	294	-
Insurance expense	564	601	-	-	-	-	70	38	634	639	-
Sale of fixed assets	-	-	-	-	-	2,311	-	-	-	2,311	-
Commission and advisory income earned	2,000	-	257	-	-	-	-	-	2,257	-	-
Commission expense	-	-	120	-	-	-	-	-	120	-	-
Return on certificates of deposit paid	-	19,890	-	-	-	-	-	-	-	19,890	-
Return on certificates of deposit accrued	-	6,720	-	-	-	-	-	-	-	6,720	-
Markup expense on long term loan	-	-	6,024	4,047	-	-	-	-	6,024	4,047	-
Rent expense	526	790	-	-	-	-	614	646	1,140	1,436	-
Markup paid on long term loan	-	-	3,500	-	-	-	-	-	3,500	-	-
Group shared services reimbursement to	437	1,321	1,722	771	-	-	-	-	2,159	2,092	-
Group shared services reimbursement from	1,234	2,468	12,546	6,515	-	-	-	-	13,780	8,983	-
Charge for the year in respect of employee benefit and contribution plan	-	-	-	-	-	-	581	616	581	616	-

	Entity having significant influence over the Investment Bank		Subsidiary		Key management personnel (including directors)		Other related parties		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	(Rupees in '000)										
Balance at year end											
Long-term loan	-	-	69,860	69,860	236,000	253,000	-	-	-	-	305,860
322,860											
Payable to IGI Insurance Limited	22,381	22,652	-	-	-	-	-	-	22,381	22,652	-
Receivable in respect of Employee Benefit and Contribution Plan	-	-	-	-	-	-	-	-	140	140	-
Security deposit	498	498	-	-	-	-	752	733	1,250	1,231	-
Prepaid rent	40	92	-	-	-	-	21	20	61	112	-
Markup payable on long term loan	-	-	6,571	4,047	-	-	-	-	6,571	4,047	-
Payable to IGI Finex Securities Limited	-	-	52	-	-	-	-	-	52	-	-

**35.1 Group shared services**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

36 DISCLOSURE RELATING TO PROVIDENT FUND

(i) Size of the Fund	25,194	24,666
(ii) Cost of investments made	20,318	19,625
(iii) Percentage of investment made	81%	80%
(iv) Fair value of investments	24,534	23,432

Breakup of investments	2016		2015	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
Bank Deposits	4,215	17%	3,907	17%
Government Securities	12,958	53%	12,580	54%
Mutual Funds	6,573	27%	6,173	26%
Listed Securities	455	2%	439	2%
Term Finance Certificates	333	1%	333	1%
	24,534	100%	23,432	100%

The figure for 2015 and 2014 are based on the un-audited financial statements of Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for the purpose.

	2016	2015
	----- (Number of staff) -----	
37. STAFF STRENGTH		
Total number of employees as at June 30	10	10
Average number of employees during the year	10	11

	2016	2015
	----- (Rupees in '000) -----	
38. WORKING CAPITAL CHANGES		
Decrease in current assets:		
Prepayments and other receivables	265	4,795
Residual values in respect of net investment in finance lease	8,172	2,802
	8,437	7,597
Decrease in current liabilities:		
Trade and other payables	34,210	(2,767)
	42,647	4,830

39. DISCRETIONARY AND NON DISCRETIONARY PORTFOLIOS

The Investment Bank is also acting as an Investment Advisor for various clients by providing services such as consultation in investment decisions, to sell, purchase, liquidate and otherwise manage the portfolio of securities. Investment advisory fee from the portfolio includes Management Fee and Performance Fee. Management fee is calculated annually based on assets under management, whereas, Performance Fee is calculated on profit earned over and above an agreed level of performance in the respective agreements with the clients. Performance fee is computed at the conclusion of the agreement period. The details of the portfolio of assets under management are as under:

	2016	2015
	----- (Rupees in '000) -----	
Number of clients	1	3
Total portfolio at cost (Rs in '000)	-	65,064
Total portfolio at market value (Rs in '000)	-	65,346
Fee earned (Rs in '000)	853	-

39.1 The Bank was maintaining the portfolio of three clients out of which two agreements expired during the year. As at June 30, 2016, the bank holds no investments on behalf of the client. An amount of Rs.32,245 million is payable to J&P Coats, whose agreement expired during the year. This amount was returned to the client subsequent to the year end.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

40. FINANCIAL INSTRUMENTS BY CATEGORY

ASSETS	2016				2015			
	Loans & receivables	Held for trading	Available for sale	Total	Loans & receivables	Held for trading	Available for sale	Total
	(Rupees in '000)				(Rupees in '000)			
Non-current assets								
Loans and advances - net	-	-	-	-	-	-	-	-
Long-term investments	-	-	14,340	14,340	-	-	13,136	13,136
Long-term deposits	4,393	-	-	4,393	4,375	-	-	4,375
	4,393	-	14,340	18,733	4,375	-	13,136	17,511
Current assets								
Net investment in finance lease	226,491	-	-	226,491	245,220	-	-	245,220
Short-term investments	-	6,742	3,280	10,022	-	7,801	3,280	11,081
Other receivables	6,445	-	-	6,445	6,760	-	-	6,760
Cash and bank balances	36,760	-	-	36,760	8,184	-	-	8,184
	269,696	6,742	3,280	279,718	260,164	7,801	3,280	271,245
	274,089	6,742	17,620	298,451	264,539	7,801	16,416	288,756

LIABILITIES	2016		2015	
	Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
	(Rupees in '000)		(Rupees in '000)	
Non-current liabilities				
Long term loans	305,860	305,860	322,860	322,860
Current liabilities				
Short-term certificates of deposit	6,082	6,082	7,389	7,389
Deposits under lease contracts	214,144	214,144	222,316	222,316
Interest and mark-up accrued	6,776	6,776	4,307	4,307
Trade and other payables	72,964	72,964	38,274	38,274
	299,966	299,966	272,286	272,286
	605,826	605,826	595,146	595,146

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Investment Bank's principal financial liabilities comprise long term loans, certificates of deposits, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Investment Bank's operations and to provide guarantee to support its operations. The Investment Bank has lease, loans and advances, investments, other receivables and cash and short-term deposits that arrive directly from its operations. The Investment Bank also holds available-for-sale investments.

The Investment Bank is exposed to market risk, credit risk and liquidity risk.

The Investment Bank's senior management oversees that financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Investment Bank's policies and the Investment Bank's risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

41.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Investment Bank is exposed to market risk as a result of mismatches or gaps in the amounts of financial assets and financial liabilities that mature or reprice in a given period. The Investment Bank manages this risk by matching the repricing of financial assets and liabilities through risk management strategies.

Market risk mainly comprises of currency risk, interest rate risk and equity price risk.

41.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As such the Investment Bank does not regularly deal in foreign currency transactions except for maintenance of foreign currency bank account which currently is denominated in US Dollars. The Investment Bank, at present is not exposed to significant currency risk.

41.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Investment Bank is mainly exposed to mark-up / interest rate risk on its net investment in finance lease, loans and advances, investments, borrowings and certificates of deposits with fixed and floating interest rates. The Investment Bank manages its interest rate risk by having a balance between floating and fixed interest rate financial instruments.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

	Effective rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
			Within one year	More than one year and less than five years	More than five years	
As at June 30, 2016						
Financial assets	%		(Rupees in '000)			
Loans and advances - net	-	-	-	-	-	-
Net investment in finance lease	-	226,491	-	-	-	226,491
Investments	5.75 - 6.52	24,362	10,022	-	-	14,340
Long-term deposits	-	4,393	-	-	-	4,393
Other receivables	-	6,445	-	-	-	6,445
Cash and bank balances	3.75 - 6.50	36,760	33,394	-	-	3,366
		298,451	43,416	-	-	255,035
Financial liabilities						
Long term loans	8.25 - 8.99	305,860	69,860	-	-	236,000
Certificates of deposit	-	6,082	-	-	-	6,082
Deposits under lease contracts	-	214,144	-	-	-	214,144
Interest and mark-up accrued	-	6,776	-	-	-	6,776
Trade and other payables	-	72,964	-	-	-	72,964
		605,826	69,860	-	-	535,966
On-balance sheet gap		(307,375)	(26,444)	-	-	(280,931)
Commitments in respect of forward sale of shares		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Effective rate	Total	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk
			Within one year	More than one year and less than five years	More than five years	
As at June 30, 2015						
Financial assets	%	(Rupees in '000)				
Loans and advances - net	-	-	-	-	-	-
Net investment in finance lease	-	245,220	-	-	-	245,220
Investments	6.59 - 9.77	24,217	11,081	-	-	13,136
Long-term deposits	-	4,375	-	-	-	4,375
Other receivables	-	6,760	-	-	-	6,760
Cash and bank balances	5.00 - 6.50	8,184	4,228	-	-	3,956
		288,756	15,309	-	-	273,447
Financial liabilities						
Long term loans	8.83 - 12.16	322,860	69,860	-	-	253,000
Certificates of deposit	-	7,389	-	-	-	7,389
Deposits under lease contracts	-	222,316	-	-	-	222,316
Interest and mark-up accrued	-	4,307	-	-	-	4,307
Trade and other payables	-	38,274	-	-	-	38,274
		595,146	69,860	-	-	525,286
On-balance sheet gap		(306,390)	(54,551)	-	-	(251,839)
Commitments in respect of forward sale of shares		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

#### 41.1.3 Equity risk

The Investment Bank's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Investment Bank manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Investment Bank's senior management on a regular basis. The Investment Bank's Board of Directors reviews and approves all equity investment decisions. Currently, Investment Bank's investments in listed equity securities only includes shares of Agritech Limited, and impact of price risk is not material.

#### 41.2 Credit risk and concentrations of credit risk

##### Exposure to credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Investment Bank attempts to control credit risk by monitoring credit exposures, limiting transactions to specific counterparties and continually assessing the credit worthiness of counterparties.

Credit risk of the Investment Bank arises principally from loans and advances, net investment in finance lease, investments, long term deposits and other receivables. The Investment Bank follows two sets of guidelines. It has its own operating policy and the management of the Investment Bank also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group. Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

The Investment Bank's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. Except for provision made against the loans and leases amounting to Rs.546.872 million (refer note 7.2, 8.3 and 11.2), impairment against investments amounting to Rs.683.404 million (refer note 6.1, 6.2, 6.3 and 12.4) and provision against other receivable amounting to Rs.29.717 (refer note 13.1), the Company does not expect to incur material credit losses on its financial assets. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was as follows:

	2016	2015
	----- (Rupees in '000) -----	
Loans and advances	-	-
Net investment in finance lease	226,491	245,220
Investments	24,362	24,217
Long-term deposits	4,393	4,375
Other receivables	6,445	6,760
Cash and bank balances	36,760	8,184
	298,451	288,756

41.2.1 The maximum exposure to credit risk for loans, advances and leases at the balance sheet date by geographic region are as follows:

Local clients	226,491	245,220
Foreign clients	-	-
	226,491	245,220

	2016			2015		
	Gross	Provision	Net	Gross	Provision	Net
	..... (Rupees in '000) .....			..... (Rupees in '000) .....		
Past due more than 365 days	773,363	(546,872)	226,491	820,116	(574,896)	245,220

Except for the provision disclosed above, no provision has been recognised in respect of these loans and leases as the Investment Bank holds equivalent amount of security deposits from the respective lessees and collateral against lease contracts (i.e. forced sale value of collateral) amounting to Rs.226.491 million (2015: Rs.245.220 million).

41.2.2 Bank balances

The analysis below summarises the credit quality of the Investment Bank's bank balance (other than balance maintained with the State Bank of Pakistan).

	2016	2015
	----- (Rupees in '000) -----	
AAA	33,234	5,652
AA+	596	374
AA-	7	7
AA	29	567
A1+	-	1,339
A+	1,378	-
A	-	68
A-	71	-
	35,315	8,007

41.2.3 Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

The Investment Bank seeks to manage its credit risk through diversification of financing activities to avoid undue concentrations of credit risk with individuals or groups of customers in specific locations or businesses. It also obtains securities when appropriate. Details of the composition of loans and lease portfolios of the Investment Bank are given below:

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Loans and leases				
Dairy and poultry	239	0.11	239	0.10
Cement	870	0.38	870	0.35
Health	3,357	1.48	3,357	1.37
Glass and ceramics	1,082	0.48	1,082	0.44
Leather	5,025	2.22	5,025	2.05
Paper and board	4,376	1.93	4,376	1.78
Construction	5,060	2.23	5,450	2.22
Energy, oil and gas	6,977	3.08	15,467	6.31
Electric and electric goods	16,102	7.11	16,102	6.57
Chemicals / fertilizers / pharmaceuticals	13,759	6.08	13,759	5.61
Food, tobacco and beverages	9,941	4.39	9,941	4.05
Steel, engineering and automobiles	10,438	4.61	12,098	4.93
Transport	12,492	5.52	12,492	5.11
Textile / textile composite	8,861	3.91	15,949	6.50
Miscellaneous (including individuals)	127,912	56.48	129,013	52.61
	226,491	100.00	245,220	100.00

**41.3 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet the commitments associated with financial instruments. To safeguard this risk, the Investment Bank has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile of assets and liabilities is monitored to ensure adequate liquidity is maintained. The Investment Bank has the ability to mitigate any short-term liquidity gaps by disposal of short-term investments and the availability of liquid funds at short notice.

The table below summarises the maturity profile of the Investment Bank's assets and liabilities. The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date and do not take account of the effective maturities as indicated by the Investment Bank's history and the availability of liquid funds. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

As at June 30, 2016	Total	Within one year	More than one year and less than five years	More than five years
	..... (Rupees in '000) .....			
<b>Assets</b>				
Fixed assets	4,174	-	4,174	-
Investments	228,445	6,742	-	221,703
Loans and advances - net	-	-	-	-
Net investment in finance lease	226,491	226,491	-	-
Long-term deposits	4,393	-	-	4,393
Deferred tax asset - net	-	-	-	-
Taxation - net	156,826	156,826	-	-
Prepayments and other receivables	7,030	7,030	-	-
Cash and bank balances	36,760	36,760	-	-
	664,119	433,849	4,174	226,096
<b>Liabilities</b>				
Certificates of deposit	6,082	6,082	-	-
Long-term loans	305,860	-	69,860	236,000
Deposits under lease contracts	214,144	214,144	-	-
Interest and mark-up accrued	6,776	6,776	-	-
Trade and other payables	80,996	80,996	-	-
	613,858	307,998	69,860	236,000
	50,261	125,851	(65,686)	(9,904)

As at June 30, 2015	Total	Within one year	More than one year and less than five years	More than five years
	..... (Rupees in '000) .....			
<b>Assets</b>				
Fixed assets	5,226	-	5,226	-
Investments	228,300	7,801	-	220,499
Loans and advances - net	-	-	-	-
Net investment in finance lease	245,220	245,220	-	-
Long-term deposits	4,375	-	-	4,375
Deferred tax asset - net	-	-	-	-
Taxation - net	153,629	153,629	-	-
Prepayments and other receivables	8,007	8,007	-	-
Cash and bank balances	8,184	8,184	-	-
	652,941	422,841	5,226	224,874
<b>Liabilities</b>				
Certificates of deposit	7,389	7,389	-	-
Long-term loans	322,860	-	69,860	253,000
Deposits under lease contracts	222,316	222,316	-	-
Interest and mark-up accrued	4,307	4,307	-	-
Trade and other payables	46,786	46,786	-	-
	603,658	280,798	69,860	253,000
	49,283	142,043	(64,634)	(28,126)



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**41.4 Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Investment Bank's operations either internally within the Investment Bank or externally at the Investment Bank's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Investment Bank's activities.

The Investment Bank's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

**42 CAPITAL RISK MANAGEMENT**

The objective of managing capital is to safeguard the Investment Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Investment Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Investment Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Investment Bank manages the structure and makes adjustments to it in the light of changes in economic conditions, the regulatory requirements and payment of dividends or issuance of new shares.

Capital requirements applicable to the Investment Bank are set and regulated by the SECP. These requirements are put in place to ensure sufficient solvency margins. The Investment Bank manages its capital requirements by assessing its capital structure against the required level on a regular basis. The minimum equity requirement as per the NBFC Regulations for the non-deposit taking NBFC is Rs.180 million. As at June 30, 2016, the Investment Bank's total equity is Rs. 49.057 million (see note 1.3).

**43 FAIR VALUE OF FINANCIAL INSTRUMENTS**

**43.1** International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at June 30, 2016, the fair values of all financial instruments are based on the valuation methodology outlined below:

**(a) Finances and certificates of deposit**

For all finances (including leases and certificates of deposit) the fair values have been taken at carrying amounts as these are not considered materially different from their fair values based on the current yields / market rates and repricing profiles of similar finance and deposit portfolios.

**(b) Investments**

The fair values of quoted investments are based on quoted market prices. Unquoted investments are carried at cost less accumulated impairment, if any, which approximates their fair value in the absence of an active market.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

The Investment Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

	2016	
	Level 1	Level 2
	----- (Rupees in '000) -----	
Investment in quoted companies	11,622	-
Government securities, listed and unlisted term finance certificates	-	10,022
	11,622	10,022
	2015	
	Level 1	Level 2
	----- (Rupees in '000) -----	
Investment in quoted companies	10,418	-
Government securities, listed and unlisted term finance certificates	-	11,081
	10,418	11,081

(c) Other financial instruments

The fair values of all other financial instruments are considered to approximate their carrying amounts.

44 DATE OF AUTHORISATION FOR ISSUE

The financial statements were approved by the Board of Directors and authorised for issue on September 30, 2016.

45 GENERAL

45.1 Figures have been rounded off to the nearest thousand rupees.

45.2 Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in the financial statements

Chairman

Chief Executive Officer

## INFORMATION FOR SHAREHOLDERS

### Registered Office

7th Floor, The Forum,  
Suite No. 701-713, G-20,  
Block 9, Khayaban-e-Jami,  
Clifton, Karachi-75600.  
Tel.: (021) 111-444-001  
(021) 111-234-234  
Fax : (021) 35309169, 35301780  
website: www.igiinvestmentbank.com.pk

### Shares Registrar

THK Associates (Pvt.) Limited  
2nd Floor, State Life Building # 3,  
Dr. Ziauddin Ahmed Road,  
Karachi, 75530 P.O Box # 8533  
UAN: (+92-21) 111-000-322  
Fax: (+92-21) 35655595  
E-mail: secretariat@thk.com.pk

### Listing on Stock Exchanges

Shares of IGI Investment Bank Limited are quoted on the Pakistan Stock Exchange (formerly called Karachi Stock Exchange).

### Listing Fees

The annual listing fee for the financial year 2015-16 has been paid to all stock exchanges within the prescribed time limit.

### Stock Code

The stock code for dealing in shares of IGI Investment Bank at the Stock Exchange is IGIBL.

### Shares Registrar

IGI Investment Bank's shares department is operated by THK Associates (Pvt.) Limited serving 3,373 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, issue of duplicate/ replaced share certificates, change of addresses and other related matters.

For assistance, shareholders may contact either the Registered Office or the Shares Registrar Office.

### Contact persons:

Adil Ali Abbasi

Chief Financial Officer & Company Secretary

Tel.: (021) 111-234-234

Fax : (021) 111-567-567

(021) 35301729

Asghar Abbas

General Manager - THK Associates (Pvt.) Limited

Tel.: (021) 111-000-322

Fax: (021) 35655595

## INFORMATION FOR SHAREHOLDERS

### Service Standards

IGI Investment Bank has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set internally for their execution:

Service	For request received through post	Over the counter
Transfer of shares	45 Days after receipt	45 Days after receipt
Transmission of shares	45 days after receipt	45 Days after receipt
Issue of duplicate share certificate	45 Days after receipt	45 Days after receipt
Issue of duplicate dividend warrants	20 Days after receipt	20 Days after receipt
Issue of re-validated dividend warrants	10 Days after receipt	10 Days after receipt
Change of address	05 Days after receipt	05 Days after receipt

Well-qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

### Statutory Compliance

During the year, IGI Investment Bank has complied with all applicable provisions, filed all returns/forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

### Dematerialization of Shares

The shares of IGI Investment Bank are under the compulsory dematerialization category. As of date approximately 97% of the equity shares of IGI Investment Bank have been dematerialized by the shareholders. Shareholders holding shares in physical form are requested to dematerialize their holdings at the earliest by approaching the depository participants registered with the CDC.

### Book Closure Dates

The Register of Members and Share Transfer Books of IGI Investment Bank will remain closed from October 25, 2016 to October 31, 2016 (both days inclusive).

### Annual General Meeting and Voting Rights

Pursuant to section 158 of the Companies Ordinance, 1984, IGI Investment Bank holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such Meeting is sent to all the shareholders at least 21 days before the Meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

All shares issued by IGI Investment Bank carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

## INFORMATION FOR SHAREHOLDERS

### Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of IGI Investment Bank, every shareholder of IGI investment Bank who is entitled to attend and vote at a General Meeting of IGI Investment Bank, can appoint another person as his/her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of IGI Investment Bank contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who needs not be a member of IGI Investment Bank.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of IGI Investment Bank not less than 48 hours before the meeting.

### Shareholders' Grievances

IGI Investment Bank received the following correspondence / complaints during the year:

Nature of correspondence / complaint by shareholders	Received during the year	Addressed during the year	Complaints pending as on June 30, 2016
Non-receipt of annual/half-yearly/quarterly reports	0	0	0

### Web Presence

Updated information regarding IGI Investment Bank can be accessed at IGI website, [www.igiinvestmentbank.com.pk](http://www.igiinvestmentbank.com.pk) The website contains the latest financial results of IGI Investment Bank together with its profile, corporate philosophy and major products and services.

**PATTERN OF SHAREHOLDING**  
AS AT JUNE 30, 2016

NUMBER OF SHARE HOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
306	1	100	11,566
464	101	500	156,815
367	501	1,000	327,414
986	1,001	5,000	2,813,798
376	5,001	10,000	3,052,312
153	10,001	15,000	1,979,400
112	15,001	20,000	2,103,255
85	20,001	25,000	2,014,502
42	25,001	30,000	1,207,563
31	30,001	35,000	1,014,680
30	35,001	40,000	1,172,004
24	40,001	45,000	1,029,454
70	45,001	50,000	3,457,822
24	50,001	55,000	1,268,526
14	55,001	60,000	822,085
9	60,001	65,000	567,200
10	65,001	70,000	685,040
16	70,001	75,000	1,171,250
13	75,001	80,000	1,024,650
2	80,001	85,000	169,837
9	85,001	90,000	800,850
6	90,001	95,000	558,002
38	95,001	100,000	3,787,545
5	100,001	105,000	518,500
7	105,001	110,000	757,137
8	110,001	115,000	906,475
3	115,001	120,000	358,000
9	120,001	125,000	1,109,094
4	125,001	130,000	515,000
6	135,001	140,000	825,792
2	140,001	145,000	289,000
9	145,001	150,000	1,345,465
3	150,001	155,000	459,000
1	155,001	160,000	156,000
5	160,001	165,000	810,417
4	165,001	170,000	674,000
4	170,001	175,000	693,138
1	175,001	180,000	176,000
5	180,001	185,000	912,972
3	185,001	190,000	566,000
3	190,001	195,000	580,000
14	195,001	200,000	2,798,199
1	200,001	205,000	205,000
2	205,001	210,000	420,000
1	210,001	215,000	214,500
1	220,001	225,000	225,000
1	225,001	230,000	228,000
2	235,001	240,000	476,248
2	240,001	245,000	484,032
3	245,001	250,000	750,000
1	250,001	255,000	254,738
1	260,001	265,000	263,500
1	265,001	270,000	265,500
1	270,001	275,000	275,000
2	275,001	280,000	557,000



**PATTERN OF SHAREHOLDING**  
AS AT JUNE 30, 2016

NUMBER OF SHARE HOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
8	295,001	300,000	2,400,000
2	300,001	305,000	606,192
1	305,001	310,000	310,000
1	310,001	315,000	314,000
2	315,001	320,000	635,148
1	330,001	335,000	335,000
1	340,001	345,000	345,000
2	345,001	350,000	695,754
2	350,001	355,000	703,500
1	375,001	380,000	375,500
4	395,001	400,000	1,600,000
1	400,001	405,000	401,000
1	405,001	410,000	406,166
1	415,001	420,000	419,000
1	420,001	425,000	425,000
1	430,001	435,000	433,500
1	435,001	440,000	437,500
2	445,001	450,000	900,000
1	475,001	480,000	480,000
1	480,001	485,000	485,000
1	495,001	500,000	500,000
2	500,001	505,000	1,004,758
1	510,001	515,000	513,000
1	515,001	520,000	520,000
1	520,001	525,000	523,191
1	535,001	540,000	535,500
1	540,001	545,000	544,000
1	545,001	550,000	550,000
1	570,001	575,000	575,000
2	605,001	610,000	1,212,191
1	610,001	615,000	610,874
1	700,001	705,000	702,372
1	715,001	720,000	718,500
1	750,001	755,000	750,500
1	765,001	770,000	769,000
1	795,001	800,000	800,000
1	835,001	840,000	840,000
1	960,001	965,000	964,500
1	990,001	995,000	990,500
1	995,001	1,000,000	1,000,000
1	1,000,001	1,005,000	1,001,000
1	1,060,001	1,065,000	1,060,507
1	1,225,001	1,230,000	1,229,882
1	1,375,001	1,380,000	1,378,000
1	1,440,001	1,445,000	1,444,300
1	1,820,001	1,825,000	1,823,800
1	2,120,001	2,125,000	2,121,023
1	3,805,001	3,810,000	3,810,000
1	4,610,001	4,615,000	4,610,915
1	5,000,001	5,005,000	5,004,579
1	5,795,001	5,800,000	5,800,000
1	6,330,001	6,335,000	6,331,000
1	9,795,001	9,800,000	9,796,627
1	89,095,001	89,100,000	89,095,494
3373			212,102,550

**PATTERN OF SHAREHOLDING AS REQUIRED BY  
THE CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2016**

S. No.	Category of Shareholders	Number of Shareholders	Number of Shares held	Holding %
1	Associated Companies	2	93,706,409	44.18%
	IGI Insurance Limited		89,095,494	42.01%
	Packages Limited		4,610,915	2.17%
2	National Investment Trust (NIT) / Investment Corporation of Pakistan (ICP)	2	5,005,979	2.36%
	National Investment Trust (NIT)		5,004,579	2.36%
	Investment Corporation of Pakistan (ICP)		1,400	0.00%
3	Directors, CEO, Spouses and Minor Children	8	9,984,853	4.71%
	Syed Babar Ali		9,796,627	4.62%
	Mrs. Perwin Babar Ali		172,040	0.08%
	Faiza Ranna Khalid		13,686	0.01%
	Mr. Khalid Yacob		500	0.00%
	Farid Khan		500	0.00%
	Arif Dino Faruque		500	0.00%
	Towfiq H. Chinoy		500	0.00%
	Syed Raza Hussain Rizvi		500	0.00%
4	Banks, Development Financial Institutions, Non-banking Financial Institutions, Insurance Companies, Modarabas & Mutual Funds	17	47,078	0.02%
5	Joint Stock Companies	43	10,075,107	4.75%
6	Foreign Investors	6	1,004,554	0.47%
7	Charitable Trusts	5	1,969,168	0.93%
8	Others	4	887,288	0.42%
9	Individuals	3,286	89,422,114	42.16%
	<b>Total</b>	<b>3,373</b>	<b>212,102,550</b>	<b>100.00%</b>



**PATTERN OF SHAREHOLDING AS REQUIRED BY  
THE CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2016**

Shareholders having more than 5% holding

IGI Insurance Limited	89,095,494	42.01
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Shareholders' Category

Category of Shareholders	Number of Share holders	Number of Shares held	Holding %
DIRECTORS, CEO, SPOUSES AND MINOR CHILDREN	8	9,984,853	4.71%
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTY	2	93,706,409	44.18%
NIT / ICP	2	5,005,979	2.36%
FINANCIAL INSTITUTIONS	6	8,227	0.00%
INSURANCE COMPANIES	6	24,873	0.01%
MODARABAS	2	437	0.00%
PUBLIC SECTOR COMPANIES AND CORPORATIONS	1	1,060,507	0.50%
INDIVIDUALS	3,237	86,397,983	40.73%
GENERAL PUBLIC (FOREIGN)	49	3,024,131	1.43%
OTHERS	4	887,288	0.42%
FOREIGN INVESTOR (COMPANIES)	6	1,004,554	0.47%
JOINT STOCK COMPANIES	42	9,014,600	4.25%
LEASING COMPANIES	1	41	0.00%
MUTUAL FUNDS	2	13,500	0.01%
CHARITABLE TRUSTS	5	1,969,168	0.93%
Company Total	3,373	212,102,550	100%

Pursuant to the allowance granted through SRO 787(I)/2014 of September 8, 2014, by the Securities and Exchange Commission of Pakistan, the Company can circulate its annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Audited Financial Statements") along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a completed consent form to the Company's Share Registrar, THK Associates (Pvt.) Limited.

PLEASE NOTE THAT THE RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

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ELECTRONIC TRANSMISSION CONSENT FORM

Date: \_\_\_\_\_

The Share Registrar  
THK Associates (Pvt.) Limited  
2nd Floor, State Life Building-3,  
Dr. Ziauddin Ahmed Road,  
Karachi.

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr./Ms. \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_ hereby consent to have IGI Investment Bank Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

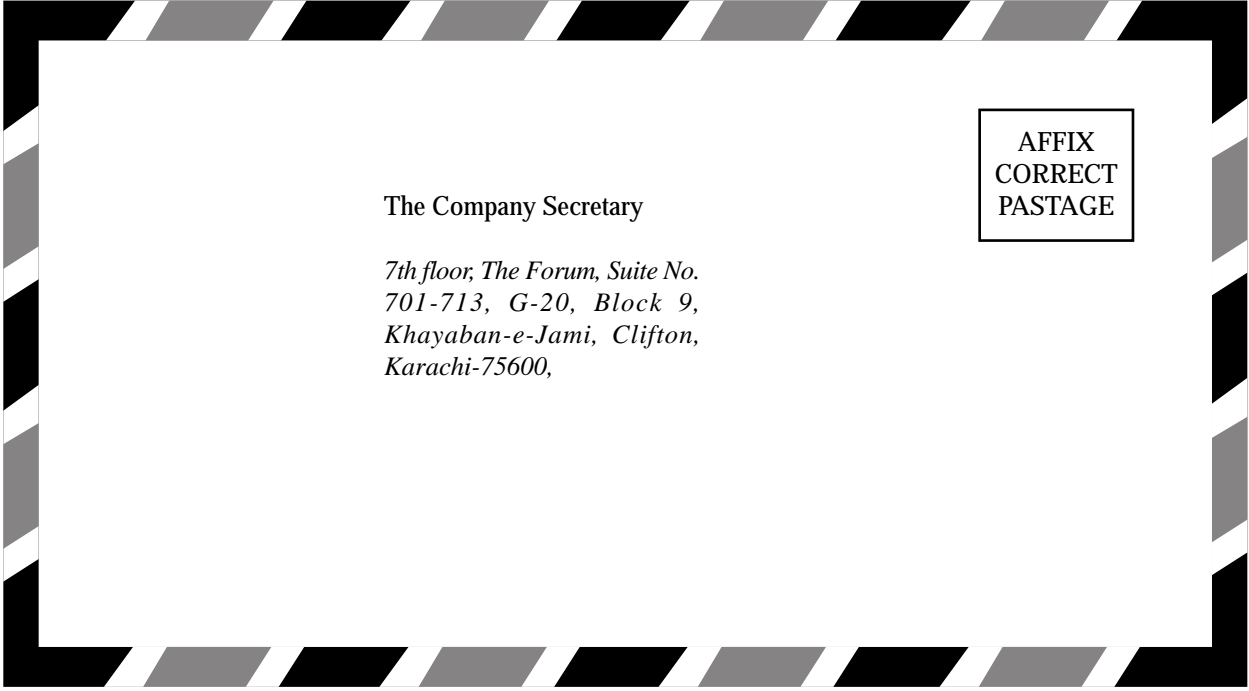
Name of Member/ Shareholder	
Folio/ CDC Account Number	
Email Address:	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meeting.

---

Signature of the Member / Shareholder

Fold Here



The Company Secretary

*7th floor, The Forum, Suite No.  
701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600,*

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سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ایس آر اے 2014/787(I) مورخہ 8 ستمبر 2014 کے ذریعے منظور کردہ اجازت نامے کے مطابق کمپنی اپنی سالانہ بیلنس شیٹ اور نفع و نقصان کے کھاتے، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("آڈٹ شدہ مالیاتی گوشوارے") بشمول کمپنی کی اطلاع سالانہ اجلاس عام بذریعہ ای میل اپنے شیئر ہولڈرز کو ارسال کر سکتی ہے۔ وہ شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل وصول کرنے کے خواہشمند ہوں ان سے درخواست ہے کہ کمپنی کے شیئر رجسٹرار، ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مکمل اجازت نامے کا فارم فراہم کریں۔

برائے مہربانی آگاہ رہیں کہ سالانہ رپورٹ کی وصولی بذریعہ ای میل اختیاری ہے اور لازمی نہیں ہے۔

### ایسکروٹنگ ٹرانسمیشن اجازت نامہ

تاریخ: .....

شیئر رجسٹرار

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

دوسری منزل، اسٹیٹ لائف بلڈنگ-3

ڈاکٹر ضیاء الدین احمد روڈ، کراچی۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے اس کے ایس آر اے 2014/787(I) مورخہ 8 ستمبر 2014 کے ذریعے دی گئی ہدایات کے مطابق میں جناب/محترمہ ..... ولد، دختر، زوجہ ..... بذریعہ ہذا آئی جی آئی انویسٹمنٹ بینک لمیٹڈ کے آڈٹ شدہ مالیاتی گوشوارے اور اطلاع سالانہ اجلاس عام بذریعہ ای میل نیچے فراہم کردہ اپنے ای میل ایڈریس پر فراہم کرنے کی اجازت دیتا/دیتی ہوں:

	ممبر/شیئر ہولڈر کا نام
	فولیو/سی ڈی سی اکاؤنٹ نمبر
	ای میل ایڈریس

آگاہ کیا جاتا ہے کہ مذکورہ بالا معلومات حقائق پر مبنی اور درست ہیں اور میں کمپنی کو اپنے ای میل ایڈریس میں کسی تبدیلی سے یا کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور اطلاع سالانہ اجلاس عام کی ای میل ڈیلیوری کے ذریعے اپنے اجازت نامے کو واپس لینے کے بارے میں اس کے شیئر رجسٹرار کو تحریری طور پر اطلاع کر دوں گا۔

ممبر/شیئر ہولڈر کے دستخط

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The Company Secretary

*7th floor, The Forum, Suite No.  
701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600,*

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## FORM OF PROXY

I/We \_\_\_\_\_ of  
\_\_\_\_\_ being member(s) of  
IGI Investment Bank Limited and holder of \_\_\_\_\_ Ordinary Shares as per the Share  
Register Folio No. \_\_\_\_\_ and / or CDC participant  
I.D. \_\_\_\_\_ and Account / Sub Account \_\_\_\_\_ hereby appoint  
\_\_\_\_\_ (Name) of \_\_\_\_\_ or failing him/ her  
\_\_\_\_\_ (Name) of \_\_\_\_\_ as my / our proxy  
to vote for me & on my behalf at the Annual General Meeting of the company to be held at 2:30 am at the registered office of the  
company on Monday, October 31, 2016 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signature

Please  
affix Rs. 5/-  
Revenue Stamp

(Signature should agree with  
the specimen signature  
registered with the company)

### WITNESSES:

1. Signature: _____	2. Signature: _____
Name: _____	Name: _____
Address: _____	Address: _____
_____	_____
CNIC / Passport No. _____	CNIC / Passport No. _____

### Note:

A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.

If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, IGI Investment Bank Limited, 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan so as to reach not less than 48 hours before the time appointed for holding the Meeting.

### For CDC Account Holders/ Corporate Entities

In addition to the above the following requirements have to be met.

- (i) The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card numbers (CNIC) shall be stated on the form.
- (ii) Beneficial owner and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with this proxy form before submission to the company.
- (iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- (iv) In case of a corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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The Company Secretary

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## پراکسی فارم 26 واں سالانہ اجلاس عام

میں/ ہم ..... بابت ..... بحیثیت آئی جی آئی انویسٹمنٹ  
بینک لمیٹڈ کا ممبر (ممبران) اور حال ..... (تعداد) عمومی شیئر برطابق شیئر رجسٹر فو لیو نمبر .....  
اور/ یا سی ڈی سی پارٹنر پیمنٹ آئی ڈی ..... اور اکاؤنٹ/ ذیلی اکاؤنٹ .....  
بذریعہ ..... (نام) کا تقرر برائے ..... یا ان کی عدم حاضری کی صورت میں  
..... (نام) کا تقرر برائے ..... بحیثیت میرے/ ہمارے پراکسی برائے  
میری/ ہماری جانب سے کمپنی کے سالانہ اجلاس عام جو 31 اکتوبر 2016 کو کمپنی کے رجسٹرڈ آفس میں دن کے 2.30 بجے یا اس کے بعد ملتوی شدہ تاریخ پر ہوگا،  
میں شرکت کرنے اور ووٹ دینے کے لئے کیا جا رہا ہے۔

برائے مہربانی  
-51 روپے کا  
ریونیو اسٹیپ چسپاں کریں

دستخط شدہ ..... دن/ تاریخ ..... 2016

(دستخط کمپنی کے پاس رجسٹرڈ نمونہ  
دستخطوں کے عین مطابق ہونے چاہئیں)

گواہان:

..... -2 دستخط:.....	..... -1 دستخط:.....
..... نام:.....	..... نام:.....
..... پتہ:.....	..... پتہ:.....
..... سی این آئی سی/ پاسپورٹ نمبر:.....	..... سی این آئی سی/ پاسپورٹ نمبر:.....

نوٹ:

- اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا حقدار کوئی بھی ممبر اپنی جگہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے پراکسی مقرر کرنے کی تحریری اطلاع دے سکتا ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا ضروری نہیں ہے۔
- اگر کوئی ممبر اجلاس میں شرکت سے قاصر ہو تو وہ اس فارم کو بھرے اور دستخط کر کے کمپنی سیکریٹری آئی جی آئی انویسٹمنٹ بینک لمیٹڈ، ساتویں منزل، دی فورم، سوئٹ نمبر 713-701، جی-20، خیابان جامی، بلاک-9، کلفٹن، کراچی پاکستان کو ارسال کر دے جو اجلاس کے انعقاد کے لئے مقرر کردہ وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جائے۔

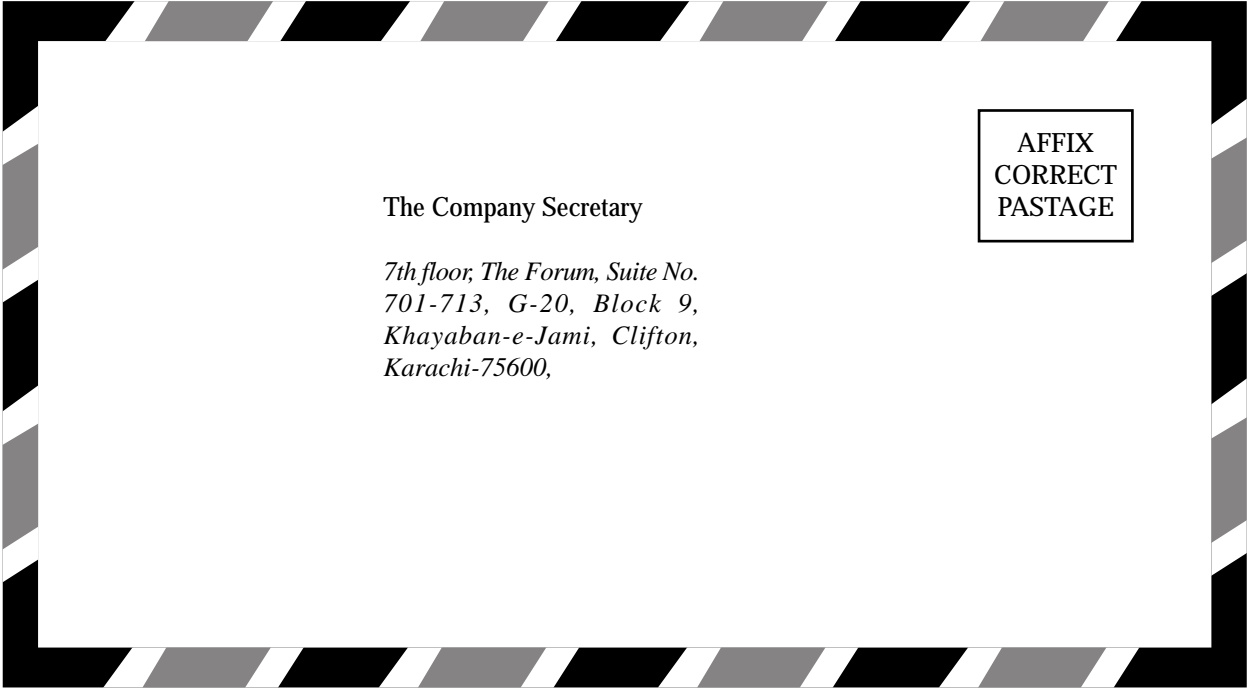
برائے سی ڈی سی اکاؤنٹ ہولڈرز/ کارپوریٹ ادارے

درج بالا کے علاوہ ذیل میں درج شرائط پر بھی عمل کرنا ہوگا۔

- (i) پراکسی فارم 2 افراد کی گواہی کے ساتھ ہونے چاہئیں جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر (سی این آئی سی) فارم میں درج ہوں۔
- (ii) بینیفیشل اور ان کے پراسیکوررز دونوں سے درخواست ہے کہ وہ پراکسی فارم کے ساتھ اپنے سی این آئی سی یا پاسپورٹ کی مصدقہ نقول کمپنی کو جمع کرانے سے قبل منسلک کریں۔
- (iii) پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (iv) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نمونہ دستخط (اگر یہ پہلے فراہم نہیں کئے گئے) کمپنی کو پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔



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The Company Secretary

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## INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

[www.jamapunji.pk](http://www.jamapunji.pk)



### Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

#### Key features:

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator  
(based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices