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Fund's Information

Management Company

IGI Funds Limited
7th Floor, Shaheen Commercial
Complex, Dr. Ziauddin Ahmed
Road, Karachi-74200, Pakistan.
Tel: (92-21) 111-367-444
Fax: (92-21) 2272415
Email: info@igifunds.com.pk
Website: www.igifunds.com.pk

Board of Directors of the Management Company

Mr. Bazl Ahmed Khan (Chairman)
Mr. Ali Azam Shirazee (Chief Executive
Officer)
Mr. Khalid Yacob
Mr. Ahmed Alman Aslam
Mr. Abid Naqvi
Mr. Adi J. Cawasji
Syed Javed Hassan

Chief Financial Officer & Company Secretary

Mirza Mahmood ul Hasan

Trustee

Central Depository Company of
Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi-74400
Pakistan

Distributors

IGI Investment Bank Limited
Foundation Securites (Pvt) Limited
Atlas Capital Markets (Pvt) Limited
Pak Oman Investment Company
KASB Securities
Allied Bank Limited
JS Global Capital Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
1st Floor, Sheikh Sultan Trust
Building - 2, Beaumont Road,
Karachi

Legal Advisor

Aly Shah & Co.
1-A, 1st Floor, 15-C, Main Zamzama
Boulevard, Zamzama Commercial
Lane-1, Phase V, Defense Housing
Authority, Karachi

Bankers

Allied Bank Limited
MCB Bank Limited
NIB Bank Limited
KASB Bank Limited
Bank Alfalah Limited
Bank of Khyber
Crescent Commercial Bank
Atlas Bank Limited
JS Bank Limited

Audit Committee

Syed Javed Hassan (Chairman)
Mr. Abid Naqvi (Member)
Mr. Adi J. Cawasji (Member)

Directors' Report

The Board of Directors of IGI Funds Limited is pleased to present the first half yearly financial statements of IGI Income Fund for the period ended December 31, 2007.

Economy & Money Market Review

State Bank of Pakistan (SBP) continued its tight monetary policy stance throughout the period July-December 2007. The economic situation worsened towards the end of the period under review, particularly as inflation and growing local commodity prices overshoot all previous forecasts. Furthermore, the global economic slowdown due to the sub-prime mortgage crisis affected the mood and capacity of international fund managers. This, coupled with the local political scenario, is a cause of concern for the foreseeable future.

Money market rates largely depicted the monetary policy stance as rates remained taut through a combination of OMO and T-Bill auctions. Overnight Repo rates averaged above 9.50% for the period under review with frequent and sizeable OMO conducted by the SBP. Four Pakistan Investment Bond (PIB) auctions were also conducted during this period and Rs.48 billion was raised in these auctions. KIBOR, considered as the benchmark for lending and borrowing, remained high especially in the shorter tenures. Spread between 1-month and 6-month KIBOR narrowed to an average of 23 bps from historical average of 70 bps.

Issuance of privately-placed TFC outnumbered listed TFC for the period under review due to the tedious and slow listing process and ready appetite for corporate bonds. Excess liquidity available in the system helped investment bankers to issue TFC at very fine pricing.

Consumer Price Index (CPI), the prime gauge to measure change in prices of essential commodities, stood at 8.00% and core inflation at 6.50%. State Bank's forecast of 6.50% for CPI would be largely missed, as experts predict a fiscal year-end figure of around 8.00-8.20% due to rising food prices. Despite record international oil prices, the Government kept the domestic oil prices unchanged. If the burden of high international oil prices would have been passed on to the end consumers, CPI would have been even higher.

Foreign Reserves were US\$15.7 billion, up by 0.83% from the June 30, 2007 level of US\$ 15.6 billion and the SBP held 86% of the total foreign reserves. Workers' remittances registered a strong year-on-year growth of 19.40% and stood at US\$ 3.07 billion as compared US\$ 2.57 billion during the corresponding period last year. Foreign Direct Investment registered a year-on-year growth of 10.3% increasing by US\$ 0.19 billion from US\$ 1.87 billion to US\$ 2.07 billion. 35% of the FDI was attracted by the Communications Sector followed by Financial and Oil & Gas sectors with shares of 17% and 16%, respectively. The SCRA situation was not very encouraging. In the period under review, there was a net inflow of US\$ 39.8 million as compared to a net inflow of US\$ 277.9 million during the corresponding period last year. Declaration of the state of emergency in the country, political uncertainty and worsening law and order situation forced the foreign investors to withdraw their money from Pakistani markets.

Gross Domestic Price (GDP) growth is unlikely to meet the target of 7.20% for FY08 and is estimated to hover around 6.20-6.80% for FY08. Pakistan has to share the brunt with other Asian countries as the US economy slows down, or worse driven to a recession. Widening fiscal deficit is going to be a challenge for the government in the absence of any mega privatization transaction. Large import bill as a result of high international oil prices and subsidies by the government on many items are expected to add to the worries. We expect the SBP to continue its tight monetary policy stance in order to control inflation.

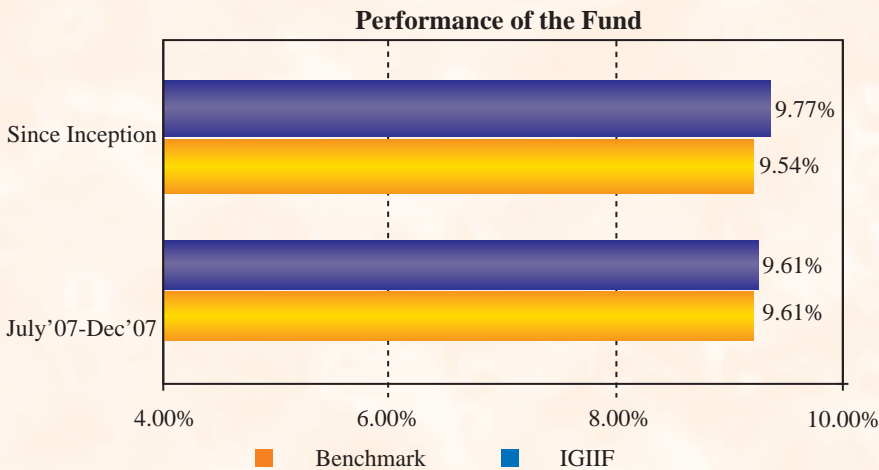
Directors' Report

Fund Operations and Performance

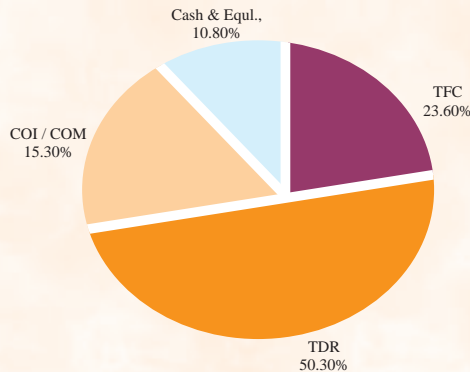
During the first half of the financial year 2007-08, funds under management has increased by 79% to Rs. 3,004.88 million as against Rs. 1,677.58 million as at June 30, 2007 despite redemption pressure from the banking sector due to the withdrawal of exemption on capital gains by Federal Board of Revenue. The Fund earned net income of Rs. 140.46 million during the first half which reflects a yield of 9.61% on net assets of the fund. Net Asset Value per unit at the close of financial period was Rs. 104.94 with 28,633,417 units outstanding. The key financial data of the Fund are as follows:

1-	Net Assets at the end of financial year	Rs.3,004.88 mn
2-	Net income for the period	Rs.140.46 mn
3-	Net Asset Value per unit as on December 31, 2007	Rs. 104. 94
4-	Sale of units during the period	Rs.5,000.47 mn
5-	Redemption of units during the period	Rs.3,797.87 mn

Following are the graphs reflecting Fund's performance and asset allocation;



Portfolio Allocation (Allocation as % of Total Investments)



Directors' Report

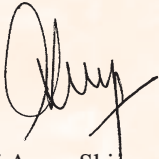
Future Outlook

It is expected that interest rates will stay firm – especially in the shorter tenures as the State Bank continues its tight Monetary Policy stance to control inflation. This, coupled with the growing debt appetite of the Government, will result in a gradual economic slowdown. We see this as a new challenge for asset management companies as they compete with the Government and banks to tap domestic savings.

Acknowledgement

We would like to thank our valued unit holders for their confidence and trust in IGI Funds Limited. We would also place on record our acknowledgement to the Central Depository Company of Pakistan Limited – The Trustee of IGI Income Fund for their continued support and co-operation. The Board would also like to take this opportunity to express its appreciation to the employees of the company and our Group Companies for their dedication, commitment and hard work for the Company.

For or on behalf of the Board



Ali Azam Shirazee
Chief Executive Officer
Karachi: February 12, 2008



**REPORT OF THE TRUSTEE TO THE UNIT HOLDERS
IGI INCOME FUND**

Report of the Trustee Pursuant to Regulation 58(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2007

IGI Income Fund, an open-end fund established under a trust deed executed between IGI Funds Limited, as the Management Company and Central Depository Company of Pakistan Limited as Trustee on December 18, 2006. The Fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on March 16, 2007.

In our opinion, the Management Company has in all material respects managed the Fund during the six months ended December 31, 2007 in accordance with the provisions of the constitutive documents of the Fund (and the modifications authorized by the SECP from time to time) and the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

A handwritten signature in black ink, appearing to read 'Mohammad Hanif', is written over a printed name and title.

Mohammad Hanif
Chief Executive Officer

Karachi : February 12, 2008

Central Depository Company of Pakistan Limited



**KPMG Taseer Hadi &
Co. Chartered Accountants**
Sheikh Sultan Trust
Building No.2 Beaumont
Road, Karachi 75530 Pakistan

Telephone + 92 (21) 568 5847
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Independent Auditors' Report on review of Condensed Interim Financial Statements to the Unit holders

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of IGI Income Fund ("the Fund") as at 31 December 2007 and the related condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund for the six months period ended 31 December 2007 (here-in-after referred to as the "interim financial information").

Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conduct our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards as applicable in Pakistan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

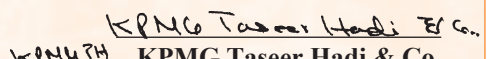
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended 31 December 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended 31 December 2007 in the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have not been reviewed and we do not express a conclusion thereon. ☐

Date **12 FEB 2008** ☐☐☐☐

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

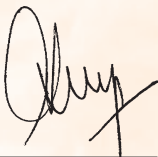
IGI INCOME FUND
Condensed Interim Financial Statements
(Unaudited)
For the six months period ended
31 December, 2007

Auditor's Report

Condensed Interim Statement of Assets and Liabilities (Unaudited) As at 31 December 2007

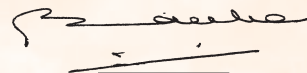
	Note	31 December 2007	30 June 2007 (Audited)
ASSETS			
Bank balances		759,104,719	660,976,087
Balance receivable against Continuous Funding System		-	45,985,430
Investments	6	2,225,768,961	966,521,935
Deferred formation cost		3,083,856	3,447,256
Security deposits		3,600,000	1,100,000
Prepayments and other receivables		25,474,212	9,508,119
Total assets		3,017,031,748	1,687,538,827
LIABILITIES			
Amount payable on redemption of units		6,361,948	2,945,966
Distribution payable		768,580	-
Remuneration payable to the Management Company		3,034,471	6,388,260
Remuneration payable to the Trustee		327,477	213,913
Annual Fee payable to Securities and Exchange Commission of Pakistan		1,330,134	301,590
Accrued and other liabilities		325,516	113,092
Total liabilities		12,148,126	9,962,821
Commitments	7		
Net assets attributable to unit holders	<i>Rupees</i>	3,004,883,622	1,677,576,006
Unit holders' funds (as per statement attached)	<i>Rupees</i>	3,004,883,622	1,677,576,006
Number of units in issue	<i>Number</i>	28,633,417	16,440,481
Net assets value per unit	<i>Rupees</i>	104.94	102.04

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Chief Executive

For IGI Funds Limited
(Management Company)

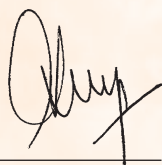


Director

Condensed Interim Income Statement (Unaudited) For the six months period ended 31 December 2007

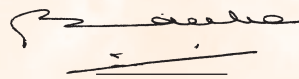
	<i>Note</i>	Six months period ended 31 December 2007	Quarter ended 31 December 2007
INCOME			
Financial income	8	142,712,565	84,277,738
Income from equity securities (spread transactions)		507,896	153,340
Capital gain on redemption of term finance certificates		357,456	357,456
Unrealized gain on revaluation of investments		2,083,277	158,693
Element of income and capital gains included in prices of units sold less those in units redeemed - net		<u>15,757,879</u>	<u>(4,007,549)</u>
Total Income		161,419,073	80,939,678
EXPENSES			
Remuneration to the Management Company		16,626,768	9,796,612
Remuneration to the Trustee		1,832,935	1,035,134
Annual fee to Securities and Exchange Commission of Pakistan		1,330,134	783,720
Brokerage expense and capital value tax		666,162	262,935
Bank and settlement charges		56,099	30,951
Amortization of deferred formation cost		363,400	181,700
Auditors' remuneration		56,764	40,388
NCCPL charges		27,131	6,611
Total expenses		20,959,393	12,138,051
Net income for the period	<i>Rupees</i>	140,459,680	68,801,627

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Chief Executive

For IGI Funds Limited
(Management Company)



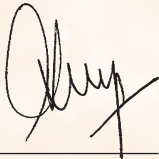
Director

IGI Income Fund

Condensed Interim Distribution Statement (Unaudited) For the six months period ended 31 December 2007

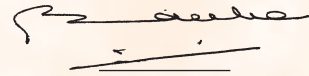
	Six months period ended 31 December 2007	Quarter ended 31 December 2007
Undistributed income brought forward	32,980,379	72,647,453
Distribution for 30 June 2007 made during the period	(31,990,979)	-
Net income for the period	140,459,680	68,801,627
Undistributed income carried forward	<i>Rupees</i> <u>141,449,080</u>	<u>141,449,080</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Chief Executive

For IGI Funds Limited
(Management Company)



Director

IGI Income Fund

Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the six months period ended 31 December 2007

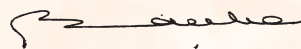
	Six months period ended 31 December 2007	Quarter ended 31 December 2007
Net assets at beginning of the period	1,677,576,006	3,156,635,418
Amount realised / unrealised on issuance of 48,936,349 units (Quarter ended 31 December 2007 22,942,624 units)	5,000,470,913	2,387,483,913
Amount paid / payable on redemption of 36,743,413 units (Quarter ended 31 December 2007 25,101,484 units)	<u>(3,797,865,098)</u>	<u>(2,612,044,885)</u>
	2,880,181,821	2,932,074,446
Element of income and capital gain included in prices of units sold less those in units redeemed - net	(15,757,879)	4,007,549
Net income for the period	140,459,680	68,801,627
Net assets at end of the period	<i>Rupees</i> <u><u>3,004,883,622</u></u>	<u><u>3,004,883,622</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Chief Executive

For IGI Funds Limited
(Management Company)




Director

IGI Income Fund

Condensed Interim Cash Flow Statement (Unaudited) For the six months period ended 31 December 2007

	Six months period ended 31 December 2007	Quarter ended 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	140,459,680	68,801,627
Adjustments for:		
Income from equity securities (spread transactions)	(507,896)	(153,340)
Deferred formation cost	363,400	181,700
Unrealized gain on revaluation of investments	(2,083,277)	(158,693)
Element of income and capital gain included in prices of units sold less those in units redeemed - net	<u>(15,757,879)</u>	<u>4,007,549</u>
	122,474,028	72,678,843
Cash flows from operation before working capital changes (Increase) / decrease in assets		
Balance receivable against Continuous Funding System	45,985,430	-
Receivable against interest/markup	(32,112,040)	(20,803,369)
Receivable against sale of securities	(1,187,177)	3,717,450
Deposits, prepayments and others receivable	(2,639,692)	(2,639,692)
Increase / (decrease) in liabilities		
Remuneration payable to Management Company	(3,353,789)	257,577
Remuneration payable to the Trustee	113,564	23,346
Annual fee to Securities & Exchange Commission of Pakistan	1,028,544	482,130
Accrued and other liabilities	212,424	2,925
Net cash from operating activities	<u>130,521,292</u>	<u>53,719,210</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	<u>1,535,094,829</u>	<u>1,378,747,207</u>
Purchase of investments	<u>(2,774,277,866)</u>	<u>(1,425,150,892)</u>
Net cash (used in) investing activities	<u>(1,239,183,037)</u>	<u>(46,403,685)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	<u>4,950,470,913</u>	<u>2,487,483,913</u>
Payment against redemption of units	<u>(3,743,680,536)</u>	<u>(2,706,468,257)</u>
Net cash from financing activities	<u>1,206,790,377</u>	<u>(218,984,344)</u>
Net increase/(decrease) in cash and cash equivalents	<u>98,128,632</u>	<u>(211,668,819)</u>
Cash and cash equivalents at beginning of the period	<u>660,976,087</u>	<u>970,773,538</u>
Cash and cash equivalents at end of the period Rupees	<u><u>759,104,719</u></u>	<u><u>759,104,719</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



Chief Executive

For IGI Funds Limited
(Management Company)



Director

**Notes to the Condensed Interim Financial Statements (Unaudited) □
For the six months period ended 31 December 2007 □**

1. □ LEGAL STATUS AND NATURE OF BUSINESS □

IGI Income Fund (the Fund) has been constituted under Trust Deed dated 18 December 2006 between IGI Funds Limited (IGIFL) as Management Company, incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee incorporated under the Companies Ordinance, 1984. The Fund has been established under the Rules of business applicable to open ended mutual fund of the Non-Banking Finance Companies. □

The Fund is an open ended mutual fund listed on Lahore Stock Exchange. The units of the Fund were initially offered from 13 April 2007 to 14 April 2007, there after Fund offers units for public subscription on continuous basis. Therefore the comparative figures for the period ended 31 December 2006 were not available. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unitholders. □

The Fund invests primarily in fixed-rate securities and other avenues of investment, which include corporate debt securities and Government securities, spread transactions, repurchase agreements and transactions under continuous funding system.

2. □ BASIS OF PREPARATION

2.1 □ These condensed interim financial statements are unaudited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of the approved accounting Standard, International Accounting Standard "Interim Financial Reporting" (IAS 34) as applicable in Pakistan. These condensed interim financial statements do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Fund's annual financial statements for the period ended 30 June 2007. □

2.2 □ These condensed interim financial statements are being submitted to the unitholders as required by listing regulations of Lahore Stock Exchanges and rule 46 (f) of the Non Banking Finance Companies and Notified Entities Regulations, 2007.

2.3 □ Through SRO # 1132(1)/2007 dated 21 November 2007 the Securities and Exchange Commission of Pakistan (SECP) has issued Non Banking Finance Companies and Notified Entities Regulations, 2007, which contain the revised disclosures requirements for financial statements. However, these condensed interim financial statements have been presented under the requirements of Schedule IV of Non-banking Finance Companies (Establishment & Regulation) Rules, 2003 in accordance with clarification received from the Securities and Exchange Commission of Pakistan.

3. □ SIGNIFICANT ACCOUNTING POLICIES □

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the period ended 30 June 2007.

IGI Income Fund

4. ESTIMATES AND JUDGEMENTS

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

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the period ended 30 June 2007.

5. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the period ended 30 June 2007.

6. INVESTMENTS

	31 December 2007	30 June 2007 (Audited)
Financial asset at fair value through profit and loss		
Held for trading		
Application money for subscription of		
term finance certificates	6.1 218,219,444	50,000,000
Term Finance Certificates	6.2 367,554,766	-
Future transactions	6.3 -	-
	585,774,210	50,000,000
Held to maturity		
Certificate of musharika	6.4 386,378,442	178,762,499
Term deposits	6.5 1,253,616,309	737,759,436
	1,639,994,751	916,521,935
<i>Rupees</i>	2,225,768,961	966,521,935

6.1 Application money for subscription of term finance certificates

Avari Hotels Limited	17,733,333	-
Engro Chemicals Pakistan Limited	92,000,000	25,000,000
Jahangir Siddiqui & Company Limited-PPTFC	-	25,000,000
KASHF Foundation	20,486,111	-
NIB Bank Limited	33,000,000	-
Orix Leasing Pakistan Limited	25,000,000	-
Saudi Pak Commercial Bank Limited	15,000,000	-
United Bank Limited - III	15,000,000	-
<i>Rupees</i>	218,219,444	50,000,000

6.1.1 These term finance certificates carry rates of mark up ranging from 10.83% to 13.19% as per the terms and conditions of the agreements with investee entities.

6.2 Term Finance Certificates

Name of the investee company	Acquired / (Sold) during the period	As at 31 December 2007	Market Value as at 31 December 2007	Percentage of net assets
------------------------------	--	------------------------------	---	-----------------------------

(Number of certificates)

Quoted investments

Leasing company

Orix Leasing Pakistan Limited	3,000	3,000	15,459,000	0.51%
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Commercial banks

Bank Alfalah Limited	2,000	2,000	10,474,000	0.35%
Faysal Bank Limited	552	552	2,815,476	0.09%
United Bank Limited	400	-	-	-

(400)

Fertilizer

Engro Chemical Pakistan Limited	7,281	7,281	<u>37,373,373</u>	1.24%
			<u>66,121,849</u>	

Unquoted investments

Al-Abbas Sugar Mills Limited	2,000	2,000	10,081,667	0.34%
Azgard Nine Limited	13,000	13,000	65,054,167	2.16%
First Dawood Investment Bank Limited	5,000	5,000	25,375,000	0.84%
Jahangir Siddiqui & Co. Limited	10,000	7,000	35,670,833	1.19%
	(3,000)			
KASB Securities Limited	2,000	-	-	-
	(2,000)			
Maple Leaf Cement Limited	40,000	-	-	-
	(40,000)			
Pak American Fertilizers Limited	13,000	13,000	65,276,250	2.17%
Pakistan Mobile Communication Limited	20,000	20,000	99,975,000	3.33%

301,432,917

Rupees 367,554,766

These term finance certificates carry rates of mark up ranging from 11.27% to 12.20%.

IGI Income Fund

6.3 Future transactions

Name of the investee company	Acquired and sold during the period (Number of shares)
Commercial Banks	
Bank of Punjab Limited	627,000
Faysal Bank Limited	236,500
Bank Al-Falah Limited	214,000
Textile Composite	
Nishat Mills Limited	24,500
Cement	
D.G.Khan Cement Limited	70,500
Oil & Gas Exploration Co.	
Oil & Gas Development Company Limited	497,500
Technology & Communication	
Pakistan Telecommunication Company Limited	3,500
Fertilizer	
Fauji Fertilizer Bin Qasim Limited	22,500

	31 December 2007	30 June 2007 (Audited)
6.4 Certificates of musharika - unsecured		
Al Zamin Leasing Modaraba 6.4.1	180,357,919	51,042,491
BRR International Modaraba 6.4.2	76,907,644	25,569,984
First Punjab Modaraba 6.4.3	129,112,879	102,150,024
<i>Rupees</i>	<u>386,378,442</u>	<u>178,762,499</u>

6.4.1 These certificates carry rates of mark up ranging from 11.00% to 12.02% and will mature between 07 January 2008 to 07 September 2010.

6.4.2 This certificate carry rate of mark up 10.55% and will mature on 08 January 2008.

6.4.3 These certificates carry rates of mark up ranging from 11.30% to 12.00% and will mature by 17 April 2008.

6.5 Term deposit accounts are maintained with various financial institutions and carry profit rates from 10.35% to 13.50% per annum. These deposits will mature from 18 January 2008 to 17 September 2009.

7. COMMITMENTS

Deals in respect of Continuous Funding System (CFS) entered into by the Fund, in respect of which transactions will be settled after the period-end.

		31 December 2007	30 June 2007 (Audited)
- Sales	<i>Rupees</i>	<u><u>-</u></u>	<u><u>4,387,425</u></u>
- Purchase	<i>Rupees</i>	<u><u>-</u></u>	<u><u>45,207,340</u></u>

8. FINANCIAL INCOME

		Six months period ended 31 December 2007	Quarter ended 31 December 2007
Financial Income on			
- Bank deposits		45,590,736	23,241,986
- Term Deposit Receipts		58,633,557	34,383,981
- Certificates of Musharika		15,005,087	9,641,758
- Certificates of Investments		1,395,000	1,395,000
- Term finance certificates		18,347,825	14,459,904
- Continuous funding system		3,740,360	1,155,109
	<i>Rupees</i>	<u><u>142,712,565</u></u>	<u><u>84,277,738</u></u>

9. TRANSACTIONS WITH RELATED PARTIES

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Related parties and the nature of relationships are the same as disclosed in financial statements for the period ended 30 June 2007.

Remuneration payable to the Management Company and the Trustee determined in accordance with the provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2007 and the Trust Deed respectively.

IGI Income Fund

	Six months period ended 31 December 2007	Quarter ended 31 December 2007	Six months period ended 31 December 2007	Quarter ended 31 December 2007
	(Units)		(Rupees)	
9.1 The details of transactions with related parties during the period are as follows:				
<u>Associated Companies/ Undertakings</u>				
International General Insurance Limited				
Bonus units distributed	39,490	-	3,952,533	-
Packages Limited - Employees' Gratuity Fund				
Bonus units distributed	9,872	-	988,133	-
Sale of units	32,346	-	3,250,000	-
Packages Limited - Employees' Provident Fund				
Bonus units distributed	7,785	-	779,173	-
Sale of units	219,276	-	22,000,000	-
Packages Limited - Staff Pension Fund				
Sale of units	903,320	-	92,000,000	-
IGI Funds Limited - Management Company				
Bonus units distributed	2,062	-	206,428	-
Investment in units	385,797	326,918	39,800,000	33,800,000
Redemption of units	271,548	143,110	27,900,000	14,900,000
Management fee	-	-	16,626,768	9,796,612
IGI Funds Limited - Staff Provident Fund				
Investment in units	15,264	482	1,550,000	50,000
Redemption of units	11,883	-	1,210,371	-
<u>Other Related Parties</u>				
IGI Finex Securities				
Brokerage charges	-	-	7,729	4,229
Transactions with employees				
Bonus units distributed	158	-	12,235	-
Sale of units	44,246	3,776	4,518,200	390,200
Redemption of units	10,703	8,878	1,099,936	915,328
Treet Corporation Limited - Employees' Gratuity Fund				
Bonus units distributed	486	-	48,658	-

IGI Income Fund

	Six months period ended 31 December 2007	Quarter ended 31 December 2007	Six months period ended 31 December 2007	Quarter ended 31 December 2007
	(Units)		(Rupees)	
Treet Corporation Limited - Employees' Superannuation Fund				
Bonus units distributed	486	-	48,658	-
Tri Pack Films Limited				
Sale of units	682,319	192,123	70,000,000	20,000,000
Redemption of units	682,319	682,319	71,500,212	71,500,212
Tri Pack Films Limited - Employees' Gratuity Fund				
Sale of units	9,819	-	1,000,000	-
Tri Pack Films Limited - Employees' Provident Fund				
Sale of units	19,639	-	2,000,000	-
Tatra Pak Pakistan Limited - Employees' Gratuity Fund				
Sale of units	15,679	15,679	1,640,000	1,640,000
Tatra Pak Pakistan Limited - Employees' Provident Fund				
Sale of units	66,922	66,922	7,000,000	7,000,000
Tatra Pak Pakistan Limited - Employees' Pension Fund				
Sale of units	55,449	55,449	5,800,000	5,800,000
Central Depository Company of Pakistan Limited				
Trustee Fee	-	-	1,832,935	1,035,134
CDCPL - Employees' Gratuity Fund				
Bonus units distributed	973	-	97,397	-
<u>Key Management Personnel</u>				
Syed Babar Ali				
Bonus units distributed	7,681	-	768,787	-
Sale of units	1,564,990	1,564,990	162,000,000	162,000,000
Bazl Ahmed Khan - Chairman Board of Directors				
Sale of units	4,848	4,848	500,000	500,000

IGI Income Fund

	Six months period ended 31 December 2007	Quarter ended 31 December 2007	Six months period ended 31 December 2007	Quarter ended 31 December 2007
	(Units)		(Rupees)	
Ali Azam Shirazee - CEO				
Bonus units distributed	1,935	-	193,650	-
Sale of units	135,510	135,510	14,000,000	14,000,000
Redemption of units	87,467	62,810	9,000,000	6,500,000
Adi . J. Cawasji - Director				
Bonus units distributed	325	-	32,564	-
Samir Ahmed - CEO				
IGI Investment Bank Limited				
Sale of units	4,848	4,848	500,000	500,000
Redemption of units	4,848	4,848	503,490	503,490
	31 December 2007	30 June 2007 (Audited)	31 December 2007	30 June 2007 (Audited)
	(Units)		(Rupees)	

9.2 The details of balances with related parties are as follows:

Associated Companies/ Undertakings

International General Insurance Limited

Investment in units	2,070,805	2,031,315	217,310,590	207,275,416
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Packages Limited - Employees' Gratuity Fund

Investment in units	540,175	507,829	56,685,922	51,818,859
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Packages Limited - Employees' Provident Fund

Investment in units	619,715	400,438	65,032,865	40,860,730
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Packages Limited - Staff Pension Fund

Investment in units	903,320	-	94,794,432	-
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IGI Funds Limited - Management Company

Investment in units	222,400	106,089	23,338,633	10,825,316
Management fee receivable	-	-	3,034,471	1,646,454
Formation cost paid	-	-	-	3,601,306
Security deposit paid	-	-	-	1,100,000
Annual listing fee to LSE	-	-	-	30,000
Initial deposit to MCB Bank Limited	-	-	-	10,000
Other payments - Bank charges	-	-	-	500

IGI Income Fund

	31 December 2007	30 June 2007 (Audited)	31 December 2007	30 June 2007 (Audited)
	(Units)		(Rupees)	
IGI Funds Limited - Staff Provident Fund				
Investment in units	3,382	-	354,870	-
<u>Other Related Parties</u>				
Transaction with employees				
Sale of units	39,876	6,337	4,184,556	510,804
Treet Corporation Limited - Employees' Gratuity Fund				
Investment in units	25,493	25,007	2,675,235	2,551,699
Treet Corporation Limited - Employees' Superannuation Fund				
Investment in units	25,493	25,007	2,675,235	2,551,699
Tri Pack Films Limited - Employees' Gratuity Fund				
Investment in units	9,819	-	1,030,440	-
Tri Pack Films Limited - Employees' Provident Fund				
Investment in units	19,639	-	2,060,880	-
Tetra Pak Pakistan Limited - Employees' Gratuity Fund				
Investment in units	15,679	-	1,645,331	-
Tetra Pak Pakistan Limited - Employees' Provident Fund				
Investment in units	66,922	-	7,022,753	-
Tetra Pak Pakistan Limited - Employees' Pension Fund				
Investment in units	55,449	-	5,818,853	-
Central Depository Company of Pakistan Limited				
Trustee Fee	-	-	327,477	213,913
CDCPL - Employees Gratuity Fund				
Sale of units	51,028	50,055	5,354,866	5,107,591
<u>Key Management Personnel</u>				
Syed Babar Ali				
Investment in units	1,967,772	395,101	206,498,009	40,316,081

IGI Income Fund

	31 December 2007	30 June 2007 (Audited)	31 December 2007	30 June 2007 (Audited)
	(Units)		(Rupees)	
Bazl Ahmed Khan Investment in units	4,848	-	508,726	-
Ali Azam Shirazee - CEO Investment in units	149,500	99,522	15,688,496	10,155,255
Adi . J. Cawasji - Director Investment in units	17,061	16,736	1,790,374	1,707,698

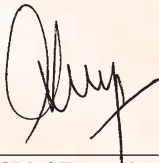
10. TAXATION

The Fund is exempt from Income Tax as per clause (99) of Part I to the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year, as reduced by capital gains (whether realised or unrealised), is distributed amongst the unit holders. During six months period ended 31 December 2007, no provision for income tax has been made by the management of the Fund based on the intention of distribution of the said amount at the year end.

11. GENERAL

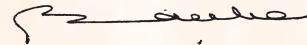
11.1 These condensed financial statements were authorised for issue by Board of Directors of Management Company in their meeting held on **12 February, 2008**.

11.2 Figures have been rounded off to the nearest rupee.



Chief Executive

For IGI Funds Limited
(Management Company)



Director

