

# Balance

## Sheet for the year ended June 30, 2006

	Note	2006 -----Rs in '000-----	2005
<b>ASSETS</b>			
Non-current assets			
Fixed assets			
Property, plant and equipment	6.1 & 6.2	63,288	27,721
Intangible assets	6.3	183,581	24,313
		246,869	52,034
Long-term loans and advances	7	332,403	256,499
Net investment in lease finance	8	1,233,578	1,156,504
Long-term deposits and prepayments	9	5,358	3,636
		1,818,208	1,468,673
Current assets			
Current maturity of non-current assets			
Short-term finance	10	872,833	667,445
Fund placements	11	273,252	168,022
Short-term investments	12	809,567	749,426
Taxation - net	13	786,464	956,482
Advances, deposits and prepayments	14	220,248	216,717
Interest / mark-up / profit accrued	15	62,778	69,946
Trade debts	16	28,268	20,541
Other receivables	17	92,607	41,250
Cash and bank balances	18	23,655	9,268
		315,856	41,925
		3,485,528	2,941,022
		5,303,736	4,409,695
<b>TOTAL ASSETS</b>			
<b>EQUITY &amp; LIABILITIES</b>			
Capital and reserves			
Authorised capital			
100,000,000 (2005: 100,000,000) ordinary shares of Rs.10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital	19	419,175	419,175
Reserves	20	228,216	246,767
		647,391	665,942
Deficit on revaluation of investments - net	21	(28,623)	(32,275)
Non-Current liabilities			
Pre-IPO subscription towards issue of term finance certificates			
Long-term borrowings	22	369,950	-
Long-term certificates of deposit	23	693,333	708,333
Deposits on lease contracts	24	289,059	123,071
Deferred tax liabilities - net	25	367,452	306,147
Liabilities against assets subject to finance lease	43.3	40,877	42,570
	26	2,298	-
		1,762,969	1,180,121
Current liabilities			
Current maturity of non-current borrowings			
Current maturity of deposits on lease contracts	27	654,467	518,547
Current portion of liabilities against assets subject to finance lease	28	53,315	33,790
Short-term finance	26	378	-
Short-term certificates of deposit	29	237	145,254
Borrowings from financial institutions	30	1,709,714	1,170,070
Payable to staff gratuity fund	31	294,347	599,618
Mark-up accrued	32	3,338	2,817
Accrued expenses and other liabilities	33	59,937	43,393
	34	146,266	82,418
		2,921,999	2,595,907
Contingencies and commitments	35		
		5,303,736	4,409,695

The annexed notes 1 to 59 form an integral part of these financial statements.

**SYED BABAR ALI**  
Chairman

**SAMIR AHMED**  
Managing Director & Chief Executive

**INTERBANK**

# Profit

## and Loss Statement for the year ended June 30, 2006

	Note	2006 -----Rs in '000-----	2005
<b>Income</b>			
Income from investments	36	81,392	78,351
Income from finance	37	90,205	50,266
Income from lease finance	38	176,253	118,359
Income from fund placements	39	140,867	90,495
Fees, commission and brokerage		46,782	14,944
		535,499	352,415
Finance costs	40	338,034	172,888
Administrative and operating expenses	41	162,833	93,943
		500,867	266,831
		34,632	85,584
Other operating income	42	6,146	2,419
Operating profit before provisions		40,778	88,003
Provision for doubtful finance / potential lease loan - general	7.3 & 8.5	5,689	6,352
Provision under SECP's Prudential Regulations for NBFCs against doubtful finance / lease losses (net of recoveries) - specific	7.3 & 8.5	2,017	785
		7,706	7,137
Profit for the year from ordinary activities before taxation		33,072	80,866
Taxation	43	(7,062)	6,171
Profit for the year from ordinary activities after taxation		40,134	74,695
		----- Rupees -----	
<b>Earnings per share - Basic and Diluted</b>	52.1	0.96	1.78

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Chairman

**SAMIR AHMED**  
Managing Director & Chief Executive

**INTERBANK**

# Cash

## Flow Statement for the year ended June 30, 2006

	Note	2006	2005
		-----Rs in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Profit for the year from ordinary activities before taxation		33,072	80,866
<b>Adjustments for :</b>			
Gain on disposal of fixed assets		(1,326)	(586)
Exchange (gain) / loss		8	(935)
Fixed assets written off		30	-
Amortisation of deferred costs		-	209
Depreciation		9,774	5,464
Amortisation		5,493	449
Provision for gratuity		2,021	545
Interest / mark-up / profit income		(425,847)	(296,184)
Financial charges		338,034	172,888
Dividend income		(13,377)	(9,926)
Provision for doubtful finance / potential lease losses - general		5,689	6,352
Provision under SECP's Prudential Regulations for NBFCs against doubtful finance / lease losses - specific		2,017	785
		(77,484)	(120,939)
		(44,412)	(40,073)
<b>(Increase) / decrease in current assets :</b>			
Short-term finance		(105,230)	(36,915)
Fund placements		(60,141)	(54,848)
Short-term investments		190,021	(136,581)
Trade debts		(51,357)	(41,250)
Prepayments, receivables and other assets		(4,718)	(39,367)
		(31,425)	(308,961)
<b>Increase / (decrease) in current liabilities :</b>			
Short-term certificates of deposit		539,644	595,568
Borrowings from institutions		(305,271)	(55,382)
Accrued expenses and other liabilities		62,398	25,193
		296,771	565,379
<b>Cash generated / (used in) from operations</b>		220,934	216,345
Disbursements of long-term finance - net		(104,278)	(102,746)
Net investments in lease finance		(261,794)	(531,601)
Long-term deposits, prepayments and deferred costs - net		(1,722)	(2,083)
Repayments of long-term certificates of deposit - net		(8,092)	(54,279)
Receipts from deposits on lease contracts - net		80,830	107,555
Interest / mark-up / profit received		418,120	296,184
Financial charges paid		(321,490)	(184,102)
Dividend received		10,876	9,926
		(187,550)	(461,146)
<b>Net cash (used in) /operating activities before income tax and gratuity</b>		33,384	(244,801)
Income tax paid		(14,513)	(13,723)
Gratuity paid		(1,500)	(1,100)
<b>Net cash used in operating activities</b>	Balance c/f	17,371	(259,624)

	Note	2006 -----Rs in '000-----	2005
<b>Net cash (used in) / operating activities</b>	Balance b/f	17,371	(259,624)
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>			
Acquisition of Finex Securities Limited-net of cash acquired	44.1	(132,571)	-
Acquisition of fixed assets		(54,572)	(42,114)
Sale proceeds of fixed assets		2,462	904
<b>Net cash used in investing activities</b>		(184,681)	(41,210)
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>			
Term finance certificates redeemed and sold - net		-	(178,550)
Proceeds from pre-IPO subscription towards issue of TFCS - net		369,950	-
Long-term borrowings - net		275,000	357,093
Payment of dividend		(58,684)	-
<b>Net cash generated from financing activities</b>		586,266	178,543
<b>Net increase / (decrease) in cash and cash equivalents</b>		418,956	(122,291)
Cash and cash equivalents at the beginning of the year		(103,329)	18,879
Effect of exchange rate changes on cash and cash equivalents		(8)	83
<b>Cash and cash equivalents at the end of the year</b>		<u>315,619</u>	<u>(103,329)</u>
<b>Cash and cash equivalents at the end of the year</b>			
Cash and bank balances	18	315,856	41,925
Running finance	29	(237)	(145,254)
		<u>315,619</u>	<u>(103,329)</u>
The annexed notes 1 to 59 form an integral part of these financial statements.			

**SYED BABAR ALI**  
Chairman

**SAMIR AHMED**  
Managing Director & Chief Executive

# Statement

## of Changes in Equity

### for the year ended June 30, 2006

Issued, subscribed and paid-up capital	Reserves				Total Reserves	Total	
	Capital reserves		Revenue reserves				
	Reserve for issue of bonus shares	Special reserve	General reserve	Unappropriated profit/(loss)			
-----Rs in '000-----							
Balance as at July 1, 2004	364,500	-	74,697	118,000	34,050	226,747	591,247
Transfer to capital reserve for issue of bonus shares made subsequent to the year end	-	54,675	-	(20,675)	(34,000)	-	-
Net profit for the year	-	-	-	-	74,695	74,695	74,695
Transfer to special reserve during the year	-	-	14,939	-	(14,939)	-	-
Bonus shares issued	54,675	(54,675)	-	-	-	(54,675)	-
Balance as at June 30, 2005	419,175	-	89,636	97,325	59,806	246,767	665,942
Dividend for the year ended June 30, 2005 @ Rs. 1.40 per share declared subsequent to the year end	-	-	-	-	(58,685)	(58,685)	(58,685)
Net profit for the year	-	-	-	-	40,134	40,134	40,134
Transfer to special reserve during the year	-	-	7,462	-	(7,462)	-	-
Balance as at June 30, 2006	419,175	-	97,098	97,325	33,793	228,216	647,391

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