

**SME BANK LIMITED
FINANCIAL STATEMENTS - ABRIDGED
FOR THE YEAR ENDED DECEMBER 31,2004**

SME BANK LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2004

	2004	2003		2004	2003
	(Rupees '000)			(Rupees '000)	
SHARE CAPITAL AND RESERVES			FIXED ASSETS		
Share capital				121,531	142,923
Authorized	10,000,000	10,000,000	LONG-TERM INVESTMENTS	4,207,155	4,510,605
Issued, subscribed and paid up	1,100,000	364,975	LONG TERM ADVANCES	442,010	634,725
Capital reserve			LOAN TO SUBSIDIARY	70,516	90,943
Statutory reserve	105,396	13,608	LONG TERM RECEIVABLES AND DEPOSITS	115,747	221,196
Revenue reserve			DEFERRED TAXATION	315,035	230,201
Unappropriated profit	421,579	54,429	CURRENT ASSETS		
	1,626,975	433,012	Short term investment	176,645	622,551
SURPLUS ON REVALUATION OF INVESTMENT	169,664	374,123	Current maturity of long term advances	495,745	438,645
	1,796,639	807,135	Current maturity of loan to subsidiary	20,427	19,057
LONG TERM LOANS	2,000,000	5,127,532	Deposits, prepayments and other receivables	2,017,454	197,235
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE	9,367	12,529	Lending to financial institutions	-	480,000
DEFERRED LIABILITIES	40,156	313,988	Cash and bank balances	426,731	637,249
LONG TERM DEPOSITS	234	1,530		3,137,002	2,394,737
INDUSTRIAL CREDIT FOR RURAL WOMEN PROMOTIONAL FUND	29,597	28,617			
CURRENT LIABILITIES					
Current maturity of long term loans	2,000,000	-			
Current maturity of liability against assets subject to finance lease	10,811	9,323			
Borrowing from financial institutions	1,680,000	1,300,000			
Deposits	204,056	232,449			
Creditors, accrued and other liabilities	202,670	126,185			
Provision for taxation	435,466	266,042			
	4,533,003	1,933,999			
CONTINGENCIES AND COMMITMENTS					
	8,408,996	8,225,330		8,408,996	8,225,330

Chief Executive

Director

SME BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004 (Rupees '000)	2003
INCOME	819,982	1,473,400
EXPENDITURE	329,471	718,312
OPERATING PROFIT BEFORE PROVISION	490,511	755,088
Provision for doubtful assets	(220,816)	465,992
PROFIT BEFORE SBP SHARE	711,327	289,096
SBP share in profits	-	245,415
PROFIT BEFORE TAXATION	711,327	43,681
PROVISION FOR TAXATION	252,389	9,957
PROFIT AFTER TAXATION	458,938	33,724
UNAPPROPRIATED PROFIT BROUGHT FORWARD	54,429	27,450
PROFIT AVAILABLE FOR APPROPRIATION	513,367	61,174
APPROPRIATION:		
Transfer to statutory reserve	91,788	6,745
UNAPPROPRIATED PROFIT CARRIED FORWARD	421,579	54,429
Chief Executive		Director

SME BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

	2004 (Rupees '000)	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	711,327	43,681
Adjustments for non-cash charges and other items:		
Depreciation	30,419	29,366
Provision against doubtful assets	(220,816)	465,992
Profit on disposal of fixed assets	(2,292)	(1,840)
Mark-up/interest expense	228,307	11,784
SBP share in profits	-	245,415
Income on investment and bank placements	(419,679)	(598,466)
	(384,061)	152,251
Inflow/(outflow) from operating assets and liabilities:		
Long term advances	338,426	90,040
Industrial Credit for Rural Women - promotional fund	-	-
Loan to SME Leasing (long term and current maturity)	-	-
Long term receivables and deposits	113,430	(62,679)
Deposits, prepayments and other receivables	(90,567)	51,665
VSS payments reimbursable from GOP	(1,746,603)	-
Lending to financial institutions	480,000	1,120,000
Deferred liabilities	(273,832)	26,071
ICRW Promotional Fund	980	3,487
Borrowing from financial institutions	380,000	1,300,000
Deposits (including long term and current)	(29,689)	(213,128)
Creditors, accrued and other liabilities	21,635	(56,617)
	(806,220)	2,258,839
Income received on investment and bank placements	430,484	639,151
Income tax paid	(63,808)	(89,400)
Mark-up/interest paid	(173,456)	(17,637)
Net cash (used in)/ provided by operating activities	(285,734)	2,986,885
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(11,335)	(9,303)
Sale proceeds of fixed assets	9,662	10,015
Investments	460,405	(296,740)
Loan to subsidiary	19,057	(110,000)
Net cash provided by/ (used in) investing activities	477,789	(406,028)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liability against assets subject to finance lease	(10,066)	(11,283)
Loans (including long term and current maturity)	(392,507)	(3,196,127)
Net cash used in financing activities	(402,573)	(3,207,410)
Net (decrease) in cash and cash equivalents	(210,518)	(626,553)
Cash and cash equivalents at beginning of the year	637,249	1,263,802
Cash and cash equivalents at the end of the year representing cash and bank balances	426,731	637,249

Chief Executive

Director

SME BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

	Issued, subscribed and paid-up capital	Statutory reserve	Unappropri ated profit	(Rupees '000) Total
Balance as at January 01, 2003	364,975	6,863	27,450	399,288
Net profit for the year	-	-	33,724	33,724
Transfer to statutory reserve	-	6,745	(6,745)	-
Balance as at December 31, 2003	364,975	13,608	54,429	433,012
Issue of share capital	735,025	-	-	735,025
Net profit for the year	-	-	458,938	458,938
Transfer to statutory reserve	-	91,788	(91,788)	-
Balance as at December 31, 2004	<u>1,100,000</u>	<u>105,396</u>	<u>421,579</u>	<u>1,626,975</u>

Chief Executive

Director