

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006

Rupees in '000	Note	December 31, 2006	December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,661,094	4,834,195
Less: Dividend income		(193,255)	(46,146)
		6,467,839	4,788,049
Adjustments for non cash charges			
Depreciation/amortization		238,881	241,604
Provision against non performing loans and advances (including general provision)		583,305	399,608
(Reversal of provision) / provision for diminution in the value of investments		(14,623)	20,411
Unrealized loss/(gain) on revaluation of held for trading securities		30,180	(25,706)
Provision against off balance sheet items		2,546	79,095
Provision against other assets		205,307	35,076
Gain on sale of fixed assets		(68,397)	(28,838)
Bad debts written off directly		136,189	160,059
Others		-	(14,999)
		1,113,388	866,310
		7,581,227	5,654,359
(Increase)/decrease in operating assets			
Lendings to financial institutions		(13,272,857)	10,427,990
Held for trading securities		327,421	(590,359)
Advances		(33,546,354)	(52,121,676)
Other assets (excluding advance taxation)		(2,961,688)	(1,625,853)
		(49,453,478)	(43,909,898)
Increase/(decrease) in operating liabilities			
Bills payable		(170,613)	(85,743)
Borrowings from financial institutions		8,496,595	(2,788,411)
Deposits		44,621,056	35,089,232
Other liabilities		640,267	1,155,457
		53,587,305	33,370,535
		11,715,054	(4,885,004)
Income tax paid		(2,386,844)	(1,008,337)
Net cash flows from/(used in) operating activities		9,328,210	(5,893,341)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(19,493,339)	(7,477,213)
Net investments in held to maturity securities		16,953,404	20,605,814
Dividend income		193,537	46,937
Investments in operating fixed assets		(1,997,685)	(1,556,587)
Proceeds from sale of fixed assets		102,752	44,674
Net cash flows (used in)/from investing activities		(4,241,331)	11,663,625
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of TFCs		2,500,000	-
Dividend paid		(1,096,654)	-
Net cash flows from financing activities		1,403,346	-
Increase in cash and cash equivalents		6,490,225	5,770,284
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		17,753,472	12,128,632
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		123,950	(21,494)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	34	24,367,647	17,877,422

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman