

Cash Flow Statement

for the year ended December 31, 2007

Rupees in '000	Note	December 31, 2007	December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,953,076	6,661,094
Less: Dividend income		(147,184)	(193,255)
		5,805,892	6,467,839
Adjustments for non-cash charges			
Depreciation/amortization		341,656	238,881
Provision against non-performing loans and advances (including general provision) – net		2,712,936	583,305
Provision/(reversal of provision) for diminution in the value of investments – net		719	(14,623)
Unrealized loss on revaluation of held for trading securities		1,463	30,180
Provision against off balance sheet obligations – net		39,805	2,546
Provision against other assets – net		119,579	205,307
Gain on sale of operating fixed assets		(14,297)	(68,397)
Bad debts written off directly		1,187	136,189
		3,203,048	1,113,388
		9,008,940	7,581,227
(Increase)/decrease in operating assets			
Lendings to financial institutions		630,998	(13,272,857)
Held for trading securities		203,250	327,421
Advances – net		(27,087,769)	(33,546,354)
Other assets (excluding advance taxation)		(292,887)	(2,961,688)
		(26,546,408)	(49,453,478)
Increase/(decrease) in operating liabilities			
Bills payable		1,216,377	(170,613)
Borrowings from financial institutions		4,845,011	8,496,595
Deposits		57,941,058	44,621,056
Other liabilities		2,145,627	640,267
		66,148,073	53,587,305
		48,610,605	11,715,054
Income tax paid		(2,260,777)	(2,386,844)
Net cash flows from operating activities		46,349,828	9,328,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(39,525,522)	(19,493,339)
Net investments in held-to-maturity securities		2,782,945	16,953,404
Net investments in subsidiaries		(437,512)	–
Dividend income		149,956	193,537
Investments in operating fixed assets		(1,493,897)	(1,997,685)
Proceeds from sale of fixed assets		63,021	102,752
Net cash flows used in investing activities		(38,461,009)	(4,241,331)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of sub-ordinated loan		–	2,500,000
Repayment of sub-ordinated loan		(1,000)	–
Dividends paid		(1,902,755)	(1,096,654)
Net cash flows (used in) / from financing activities		(1,903,755)	1,403,346
Increase in cash and cash equivalents		5,985,064	6,490,225
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		24,302,648	17,753,472
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		64,999	123,950
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	32	30,352,711	24,367,647

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman