

# Cash Flow Statement

for the year ended December 31, 2005

	Note	December 31, 2005	December 31, 2004
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		4,777,434	481,702
Dividend income		(46,146)	(15,230)
		<b>4,731,288</b>	466,472
<b>Adjustments for non-cash charges</b>			
Depreciation / amortisation		241,440	201,677
Provision against non-performing loans and advances (including general provision)		413,352	1,519,682
Provision / (Reversal of provision) for diminution in the value of Investments		17,014	(26,832)
Unrealised gain on revaluation of held for trading securities		(25,706)	(68)
Provision / (Reversal of provision) against off balance sheet items		79,095	(93,427)
Provision against other assets		39,828	150,179
Gain on sale of fixed assets		(28,833)	(12,685)
Bad debts written off directly		154,359	44,294
		<b>890,549</b>	1,782,820
		<b>5,621,837</b>	2,249,292
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		10,397,618	(813,763)
Held for trading securities		(590,359)	12,147
Advances – net		(52,029,871)	(19,528,058)
Other assets (excluding advance taxation )		(1,616,499)	200,062
		<b>(43,839,111)</b>	(20,129,612)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(85,743)	761,633
Borrowings from financial institutions		(2,788,411)	9,999,759
Deposits		35,515,739	12,173,670
Other liabilities		698,179	352,842
		<b>33,339,764</b>	23,287,904
		<b>(4,877,510)</b>	5,407,584
Income tax paid		(1,008,212)	(717,451)
Payment against provision for off balance sheet obligations		-	(167,553)
		<b>(5,885,722)</b>	4,522,580
<b>Net cash flow from operating activities</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(7,477,213)	34,647,366
Net investment in held-to-maturity securities		20,598,158	(51,694,132)
Dividend income		46,937	19,035
Investment in operating fixed assets		(1,556,543)	(192,834)
Proceeds from sale of property and equipment		44,668	37,162
Net cash flow from investing activities		<b>11,656,007</b>	(17,183,403)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(23,734)
Issue of share capital		-	14,200,000
Net cash flow from financing activities		-	14,176,266
Increase in cash and cash equivalents		<b>5,770,285</b>	1,515,443
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>12,128,421</b>	10,482,953
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(21,494)</b>	108,531
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	29	<b>17,877,212</b>	12,106,927

The annexed notes 1 to 44 form an integral part of these financial statements.

Chief Financial Officer

President and Chief Executive

Director

Director

Chairman