

Consolidated Statement of Cash Flows

Year ended 31 December 2006

	Notes	2006 US\$ 000	2005 US\$ 000
OPERATING ACTIVITIES			
Income for the year		120,040	107,568
Adjustments for:			
Depreciation		1,300	1,324
Gain on investments carried at fair value through statement of income	15	(35,055)	(28,625)
Other non-cash items		1,177	873
Share of results of associated companies	16	(53,548)	(49,567)
Provision for doubtful loans and guarantees		2,352	1,511
Provision for non-trading investments		-	8,042
Change in fair values of investment properties	6	(1,361)	(308)
Gain on sale of non-trading investments	15	(25,698)	(21,889)
Gain on sale of associated companies	15	(21,524)	(4,149)
Interest income		(34,505)	(22,538)
Interest expense		66,065	38,325
Dividend income	15	(11,214)	(22,311)
Operating profit before changes in operating assets and liabilities		8,029	8,256
Changes in operating assets and liabilities:			
Time deposits with banks		8,730	2,681
Investments carried at fair value through statement of income		(127,298)	(4,779)
Non-trading investments		(41,662)	(137,061)
Loans and advances		(131,743)	(17,364)
Other assets		10,135	(24,340)
Due to banks and other financial institutions		221,367	40,765
Deposits from customers		156,892	(31,987)
Other liabilities		3,452	6,688
Interest received		33,198	22,318
Interest paid		(62,950)	(35,769)
Gain on sale of non trading investment received	15	25,698	21,889
Gain on sale of investment carried at fair value through statement of income received		9,705	14,993
Dividends received	15	11,214	22,311
Donations paid		(500)	(325)
Directors' remuneration paid		(425)	(244)
Net cash from (used in) operating activities		123,842	(111,968)
INVESTING ACTIVITIES			
Investments in associated companies, net		(110,388)	(27,321)
Acquisition of investment properties, net	6	(1,769)	(135)
Purchase of property and equipment, net		(2,768)	(1,060)
Net cash used in investing activities		(114,925)	(28,516)
FINANCING ACTIVITIES			
Increase in loans and murabaha payable		58,572	178,928
Redemption of certificates of deposit		-	(40,000)
Subordinated debt	12	100,000	-
Shares issued (including treasury shares)		24,857	3,468
Dividends paid		(53,053)	(28,652)
Movement in minority interest		(10,685)	71,600
Net cash from financing activities		119,691	185,344
Foreign currency translation adjustments		4,286	2,509
INCREASE IN CASH AND CASH EQUIVALENTS		132,894	47,369
Cash and cash equivalents at 1 January		349,348	301,979
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19	482,242	349,348

The attached explanatory notes 1 to 31 form part of these consolidated financial statements