

For the year ended 31 December	Note	BANK		GROUP	
		2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
<b>Cash flows from operating activities</b>					
Interest received		20,603,610	16,317,018	20,841,634	16,568,884
Fee and commission income received		1,623,266	2,387,630	1,982,017	2,538,084
Dividend income received		718,461	126,648	45,116	162,855
Other income received		1,449,324	312,746	1,672,511	651,633
Interest paid		(13,791,503)	(9,918,252)	(13,791,743)	(9,917,401)
Personnel costs paid		(2,469,540)	(876,337)	(2,714,920)	(1,031,225)
General expenses paid		(2,040,890)	(2,721,155)	(2,057,470)	(2,910,189)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>6,092,728</b>	<b>5,628,298</b>	<b>5,977,145</b>	<b>6,062,641</b>
Net increase in loans and receivables		(21,548,181)	(17,298,517)	(21,548,181)	(17,298,517)
Net increase in deposits from customers		22,229,446	24,739,780	22,229,446	24,739,780
Net (increase)/decrease in other receivables		406,098	341,993	409,521	339,356
Net increase/(decrease) in other liabilities		(616,510)	63,941	(585,420)	(41,960)
<b>Net cash inflow/(outflow) from operating activities before taxation</b>		<b>6,563,581</b>	<b>13,475,495</b>	<b>6,482,511</b>	<b>13,801,300</b>
VAT on Financial Services paid		(806,647)	(569,106)	(806,647)	(569,106)
Income taxes paid		(1,244,412)	(671,119)	(1,293,080)	(832,895)
<b>Net cash provided by/(used in) operating activities</b>	a	<b>4,512,522</b>	<b>12,235,270</b>	<b>4,382,784</b>	<b>12,399,299</b>
<b>Cash flows from investing activities</b>					
Net changes in financial investments		(23,389,900)	(1,871,575)	(17,292,330)	(8,684,891)
Disposal of subsidiaries/associates		5,954,774	884,951	(13,016)	7,654,287
Expenditure on property, plant & equipment		(308,681)	(295,273)	(309,257)	(325,078)
Proceeds from sale of property, plant & equipment		3,981	22,111	3,981	23,276
<b>Net cash used in investing activities</b>		<b>(17,739,826)</b>	<b>(1,259,786)</b>	<b>(17,610,622)</b>	<b>(1,332,406)</b>
<b>Cash flows from financing activities</b>					
Net proceeds from issue of subordinated debts		9,488,350	(184,950)	9,488,350	(184,950)
Interest paid on subordinated debts		(282,446)	(262,728)	(282,446)	(262,728)
(Decrease)/increase in other borrowings		2,418,165	(3,777,544)	2,418,165	(3,777,544)
Dividends paid to non-controlling interests		-	-	(96,867)	(60,509)
Dividends paid to shareholders of the parent Company		(3,430,480)	(1,162,876)	(3,430,480)	(1,162,876)
<b>Net cash provided by/(used in) financing activities</b>		<b>8,193,589</b>	<b>(5,388,098)</b>	<b>8,096,722</b>	<b>(5,448,607)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(5,033,715)</b>	<b>5,587,386</b>	<b>(5,131,116)</b>	<b>5,618,286</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>13,114,541</b>	<b>7,527,155</b>	<b>13,269,129</b>	<b>7,650,843</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>8,080,826</b>	<b>13,114,541</b>	<b>8,138,013</b>	<b>13,269,129</b>
<b>Reconciliation of cash and cash equivalents</b>					
Cash and cash equivalents		2,611,075	3,480,395	2,668,262	3,634,983
Balances with Central Bank		5,339,000	6,074,792	5,339,000	6,074,792
Placement with banks		130,751	3,559,354	130,751	3,559,354
		<b>8,080,826</b>	<b>13,114,541</b>	<b>8,138,013</b>	<b>13,269,129</b>

For the year ended 31 December	Note	BANK		GROUP	
		2013 LKR '000	2012 LKR '000	2013 LKR '000	2012 LKR '000
<b>Note a</b>					
<b>Reconciliation of Operating Profit</b>					
Operating profit before value added tax on financial services		9,682,512	4,606,911	4,724,401	10,390,873
Non-cash items included in the profit		(3,589,784)	1,021,386	1,253,988	(4,328,231)
Net increase in loans and receivables		(21,548,181)	(17,298,517)	(21,548,181)	(17,298,517)
Net increase in deposits from customers		22,229,446	24,739,780	22,229,446	24,739,780
Net (increase)/decrease in operating receivables		406,098	341,993	409,519	339,356
Net increase/(decrease) in operating liabilities		(616,510)	631,941	(585,420)	(41,960)
VAT on Financial Services paid		(806,647)	(569,106)	(806,647)	(569,106)
Income taxes paid		(1,244,412)	(671,119)	(1,293,080)	(832,895)
<b>Net cash provided by/(used in) operating activities</b>		<b>4,512,522</b>	<b>12,235,270</b>	<b>4,382,784</b>	<b>12,399,299</b>

Significant Accounting Policies and Notes to the Financial Statements disclosed on pages 192 to 267 are an integral part of these Financial Statements.