Statement of Cash Flow
for the year ended December 31, 2005

	31 December 2005	31 December 2004
Operating Cash Flows:		
Underwriting activities		
Premium received	4,744,925,134	5,332,194,986
Reinsurance premium paid	(3,252,227,182)	(2,775,447,711)
Claims paid	(1,677,201,154)	(1,931,021,515)
Reinsurance and other recoveries received	505,635,958	669,976,684
Commission paid	(516,811,823)	(924,012,334)
Commission received	129,082,167	126,050,833
Deposits received from/paid to ceding companies	(9,696,695)	(116,116,736)
Expenses paid	(156,697,432)	(151,856,787)
Net cash flows from underwriting activities	(232,991,027)	229,767,420
Other Operating Activities		
Income tax paid	(29,618,241)	(80,788,670)
General management expenses paid	(20,501,710)	(19,725,339)
Loans recovered from employees	140,523	1,666,898
Other receipts	6,824,849	6,354,057
Other payments - staff contribution	(2,724,000)	(23,187,000)
Net cash flows from other operating activities	(45,878,579)	(115,680,054)
Total cash flow from all operating activities	(278,869,606)	114,087,366
Investment activities		
Fixed Capital expenditure	(769,869)	(1,849,856)
Acquisition of investments	(2,262,386,290)	(1,039,770,510)
Rental income received	27,646,388	18,209,468
Dividend income received	354,433,715	272,662,872
Interest Income on bank deposits	4,127,957	2,559,108
Investment income received	138,741,312	195,298,277
Sale proceeds of investments	2,090,570,829	317,648,301
Total cash flow from investment activities	352,364,042	(235,242,340)
Financing activities		
Surplus paid	(767,696)	(61,095)
Dividend paid	(114,107,341)	(111,720,998)
Payments of finance leases	(2,024,960)	(1,879,085)
Total cash flows from financing activities	(116,899,997)	(113,661,178)
Net cash flow from all activities	(43,405,561)	(234,816,152)
Cash and cash equivalents at beginning of the year	314,794,182	549,610,334
Cash and cash equivalents at end of the year Rupees	271,388,621	314,794,182

Executive Director (F&A)	Naheed Hyder Chief Executive	Haider Raza Director	Fazlur Rehman Dittu Director

	31 December 2005	31 December 2004
Reconciliation to profit and loss account		
Operating cash flows	**(278,869,606)**	114,087,366
Depreciation expense	**7,220,618**	(8,135,228)
Exchange gain	**(40,563,284)**	25,078,440
Provision for doubtful debts/Litigation	**123,000,000**	(60,000,000)
Amortization of deferred cost	-	(1,192,945)
Rental income	**(32,856,783)**	27,192,029
Pension officers expense	**(1,529,000)**	(6,132,000)
Pension staff expense	**4,982,000**	(8,597,000)
Medical expense	**8,326,000**	(6,126,000)
Gratuity expense	**(10,235,000)**	14,405,000
Leave encashment	**4,680,000**	(1,925,000)
Provision for outstanding claims	**348,875,024**	-
Provision for unearned premium	**723,733,856**	-
Prepaid reinsurance	**(99,045,668)**	-
Provision for employee benefits	**13,794,880**	-
Dividend Income	**(338,198,631)**	-
Investment income	**(148,355,748)**	374,955,711
Amortisation of premium	**14,585,502**	(17,319,229)
Gain on sale of investment	**-**	(2,889,213)
(Decrease) / Increase in operating assets other than cash	**908,033,506**	(195,298,277)
(Increase) / Decrease in operating liabilities	**(400,105,715)**	58,075,000
	807,471,951	306,178,654
Other adjustments:		
Decrease / (Increase) in provision for diminution in value of investments	**4,532,564**	3,874,734
Income tax paid	**(29,618,239)**	80,788,670
	(25,085,675)	84,663,404
Profit before taxation	**782,386,276**	390,842,058
Provision for taxation	**(187,958,813)**	(65,306,312)
Profit after taxation Rupees	**594,427,463**	325,535,746
Cash and cash equivalents:		
Cash and other equivalent	**34,351**	83,229
Current and other accounts	**269,654,270**	313,010,953
Deposit maturing within 12 months	**1,700,000**	1,700,000
Rupees	**271,388,621**	314,794,182

The annexed notes from 1 to 40 form an integral part of these financial statements.

Executive Director (F&A)	Naheed Hyder Chief Executive	Haider Raza Director	Fazlur Rehman Dittu Director