

# Statement of Cash Flows

For the year ended December 31, 2009

	Note	2009 Rupees	2008 Rupees
<b>Operating cash flows</b>			
<b>Underwriting activities</b>			
Premium received		5,368,676,293	4,471,345,709
Reinsurance premium paid		(3,273,831,065)	(2,743,336,996)
Claims paid		(1,999,882,021)	(2,539,976,194)
Reinsurance and other recoveries received		794,664,893	1,789,721,595
Commission paid		(663,221,537)	(559,801,617)
Commission received		76,902,885	56,376,205
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies		9,604,897	(15,529,144)
Expenses paid		(231,410,090)	(252,457,009)
Net cash inflows from underwriting activities		81,504,255	206,342,549
<b>Other operating activities</b>			
Income tax paid		(120,476,675)	(237,577,408)
General administration expenses paid		(35,178,235)	(31,575,027)
Loans disbursed		(661,553)	(10,341,911)
Other receipts / (payments)- sundry debtors		(60,845,341)	70,982,829
Other payments - staff contribution		12,944,926	(16,857,000)
Net cash (outflow) from other operating activities		(204,216,878)	(225,368,517)
<b>Total cash (outflow) from all operating activities</b>		(122,712,623)	(19,025,968)
<b>Investment activities</b>			
Fixed capital expenditure	27	(14,999,304)	(13,575,237)
Sale proceeds of fixed assets	27.1	1,618,000	373,800
Acquisition of investments		(4,325,162,021)	(1,538,176,972)
Rental income received - net of expenses		56,514,417	44,017,568
Dividend income received		314,659,821	533,827,378
Interest income on bank deposits		131,750,750	152,714,407
Investment income received - net of expenses		229,092,881	41,846,387
Sale proceeds of investments		3,469,172,913	2,613,507,072
<b>Total cash (outflow) / inflow from investment activities</b>		(137,352,543)	1,834,534,403
<b>Financing activities</b>			
Surplus paid		(1,240)	(166)
Dividend paid		(742,918,352)	(404)
<b>Total cash (outflow) from financing activities</b>		(742,919,592)	(570)
<b>Net cash (outflow) / inflow from all activities</b>		(1,002,984,758)	1,815,507,865
Cash and cash equivalents at beginning of the year		2,836,631,584	1,021,123,719
<b>Cash and cash equivalents at end of the year</b>	17	1,833,646,826	2,836,631,584

Farzana Munaf  
Chief Financial Officer

Rukhsana Saleem  
Chief Executive

Abdul Hamid Dagia  
Director

Syed Arshad Ali  
Director

# Statement of Cash Flows

For the year ended December 31, 2009

		2009	2008
Reconciliation to profit and loss account	Note	Rupees	Rupees
Operating cash flows		(122,712,623)	(19,025,968)
Depreciation expense	32	(9,369,275)	(6,610,099)
Exchange gain		48,931,906	85,413,283
Reversal of provisions		44,230,139	-
Rental income	30	60,412,168	53,101,543
Pension officers expenses	29	(63,156,000)	(20,593,253)
Pension staff expenses	29	-	(52,151,189)
Medical expenses	29	(29,379,694)	(18,776,000)
Gratuity expenses	29	(49,000)	31,203,432
Compensated absences	29	(8,205,266)	(11,180,894)
Income on transfer of assets to pension fund	29	52,213,809	-
Reversal of excess contribution	29	30,951,000	-
Provision for outstanding claims		(300,417,971)	(211,437,634)
Provision for unearned premium		(628,249,779)	(38,217,143)
Prepaid reinsurance premium ceded		(233,651,447)	82,571,657
Provision for employee benefits		26,216,000	(16,857,000)
Dividend income		307,376,841	534,886,079
Investment income		225,547,329	323,626,960
Interest income		155,898,342	-
Amortization of premium		(1,228,027)	(8,201,322)
Gain on sale of investment		425,228,019	1,350,000
Increase in operating assets other than cash		236,700,327	104,644,868
(Increase) / Decrease in operating liabilities		(19,483,028)	90,020,707
		197,803,770	903,768,027
Other adjustments			
(Increase) in provision for diminution in value of investments		-	(2,345,568)
Income tax paid		120,476,675	237,577,408
		120,476,675	235,231,840
Profit before taxation		318,280,445	1,138,999,867
Provision for taxation		(48,369,575)	(252,774,828)
Profit after taxation		269,910,870	886,225,039

## Definition of cash

Cash comprises of cash in hand, policy stamps, postage stamps, revenue stamp, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flow consist of:

## Cash and cash equivalents

Cash and other equivalents	65,470	40,567
Current and other accounts	1,231,881,356	789,891,017
Deposit maturing within 12 months	601,700,000	2,046,700,000
	1,833,646,826	2,836,631,584

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