

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Group		Company	
		1999 Lm	1998 Lm	1999 Lm	1998 Lm
Operating activities					
Cash generated from operations	21	13,142,265	8,520,885	12,568,751	8,440,505
Taxation		(32,571)	(37,469)	(32,221)	(37,112)
Net cash from operating activities		13,109,694	8,483,416	12,536,530	8,403,393
Investing activities					
Purchase of investments		(16,894,634)	(14,014,593)	(16,702,128)	(13,860,283)
Disposal of investments		5,240,377	6,272,771	5,224,627	6,272,771
Purchase of assets to cover linked liabilities		(225,114)	-	(225,114)	-
Purchase of tangible fixed assets		(213,047)	(206,778)	(212,950)	(206,455)
Net cash used in investing activities		(12,092,418)	(7,948,600)	(11,915,565)	(7,793,967)
Financing activities					
Bank loan		3,000,000	-	3,000,000	-
Dividends paid		(232,500)	(232,500)	(232,500)	(232,500)
Net cash from/(used in) financing activities		2,767,500	(232,500)	2,767,500	(232,500)
Movement in cash and cash equivalents		3,784,776	302,316	3,388,465	376,926
Cash and cash equivalents at beginning of year		2,058,706	1,756,390	1,933,317	1,556,391
Cash and cash equivalents at end of year	22	5,843,482	2,058,706	5,321,782	1,933,317

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1. Basis of preparation

These financial statements are prepared in accordance with International Accounting Standards and comply with the Maltese Insurance Business Act, 1998 and the Maltese Companies Act, 1995.

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of investments and the value of in-force business.

2. Form and content of the financial statements

The Maltese Insurance Business Act, 1998 governs the form and content of the financial statements. Pending the formal issue of regulations in terms of this Act, the company has for the purpose of this year's financial statements, followed directives issued to it by the Malta Financial Services Centre, the competent regulatory authority. The directives issued to the company by the Centre, which are based on the draft regulations, have resulted in changes to the form and presentation of the financial statements.

Comparative figures have been restated and their presentation revised in order to comply with the directives.

3. Basis of consolidation

The consolidated financial statements include the results, cash flows, statements of changes in equity and balance sheets of the company and its subsidiary made up to 31 December. Intra-group transactions are eliminated on consolidation and all revenue and expenditure figures relate to external transactions only.

4. Premiums

Premiums, including reinsurance premiums, comprise the amounts receivable and payable for the financial year. Unit linked premiums are accounted for when units are created.