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Consolidated cash flow statement

Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before tax		225,856	128,551
Adjustments for:			
Depreciation	6	17,789	24,080
Loss on disposal of fixed assets	6	6,868	4,257
Provision for an amount due from an associate	6	—	4,485
Interest income on policy loans and loans to officers, employees and agents	4	(21,819)	(19,931)
Interest and dividend income from listed and unlisted investments	4	(178,728)	(152,005)
Net realised and unrealised capital gains on investments	4	(300,333)	(153,647)
Operating loss before working capital changes		(250,367)	(164,210)
Increase in policy loans		(30,129)	(17,449)
Decrease in loans to officers, employees and agents		24,186	34,622
Decrease in deferred acquisition costs		104,245	165,900
Decrease in premiums receivable		5,469	34,244
Decrease in prepayments and other debtors		45,974	35,114
Purchases of investments		(4,359,838)	(3,908,517)
Proceeds from disposal of investments		3,724,578	3,417,828
Increase in time deposits with original maturity of more than three months when acquired		(23)	(21)
(Decrease)/increase in claims payable		(14,180)	6,366
Increase/(decrease) in premium deposits		46,787	(5,532)
Increase/(decrease) in accrued expenses and other creditors		46,644	(48,559)
Decrease in other insurance liabilities		(9,670)	(36,089)
Increase/(decrease) in amounts due to related companies		778	(5,112)
Increase in future insurance liabilities		414,115	150,409
Increase in policyholders' dividends and bonuses		46,457	8,970
Cash used in operations		(204,974)	(332,036)
Interest received from policy loans and loans to officers, employees and agents		21,819	19,931
Interest and dividends received from listed and unlisted investments		195,919	149,341
Hong Kong profits tax paid		(2,648)	(2,052)
Overseas tax paid		(99)	(47)
Dividend paid		(8,222)	—
Net cash inflow/(outflow) from operating activities		1,795	(164,863)

Consolidated cash flow statement (continued)

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Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	14	(11,399)	(13,105)
Proceeds from disposal of fixed assets		141	25
Repayment from an associate		—	8,996
Net cash outflow from investing activities		(11,258)	(4,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		(1,316)	(8,245)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(10,779)	(177,192)
Cash and cash equivalents as at beginning of year		497,690	674,882
CASH AND CASH EQUIVALENTS AS AT END OF YEAR		486,911	497,690
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	310,111	341,073
Non-pledged time deposits with original maturity of less than three months when acquired		176,800	156,617
		486,911	497,690