

DYOLL GROUP LIMITED

For nine month period ended September 30, 2004

CHAIRMAN'S REPORT

PERIOD ENDING SEPTEMBER 30, 2004

On behalf of the Board of Directors of Dyoll Group Limited, I am pleased to report on the financial results for the period ending September 30, 2004. For the nine month period the Group recorded an operating profit of \$146,153,938, an increase of 286% over the same period in 2003. This was due to a 4% increase in Gross revenue to \$1.121 billion and a decrease in operating expenses from 95% of revenue or \$1.028 billion in September, 2003 to 87% of revenue or \$975.4 million in September, 2004.

Notwithstanding the continued reduction in interest rates during 2004 the Group earned \$110.8 million in investment revenue, a 28% increase over the \$86.4 million investment revenue for the nine months in 2003. Other income increased to \$28.26 million due to the sale of selected accounts in our equity portfolio. Other expenses increased by 18% to \$198.7 million.

Profit attributable to the Group amounted to \$63.9 million or \$1.05 per stock unit up from the \$49.99 million or 82 cents per stock unit reported for the period ended September 2003.

As you are aware Hurricane Ivan affected Jamaica, September 10-11 and the Cayman Islands, September 12-13. Dyoll Insurance Company has insurance liabilities in both territories. After taking account of all claims and claim related expenses due to Hurricane Ivan, Dyoll Group Limited will likely be impacted negatively in the last quarter of 2004.

The Board of Directors would like to take this opportunity to extend its regrets to all those who were adversely affected by the hurricane. The Directors would also like to thank all members of staff for their assistance in restoring normal business operations.

Group Balance Sheet

Period ended September 30, 2004

| | Unaudited 30-Sep-04 | Unaudited 30-Sep-03 | 31-Dec-03 |
|------------------------------------------------|------------------------|------------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash resources | 1,030,304,002 | 772,977,621 | 795,639,573 |
| Accounts receivable and prepaid expenses | 364,327,418 | 338,038,940 | 336,359,025 |
| Inventories | 11,688,996 | 4,469,465 | 13,730,278 |
| Taxation recoverable | 10,367,488 | 22,400,036 | 3,216,206 |
| | <u>1,416,687,904</u> | <u>1,137,886,062</u> | <u>1,148,945,082</u> |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued charge | 412,328,551 | 170,219,208 | 218,846,643 |
| Current maturities of long-term debt | - | 240,000 | 80,000 |
| Current maturities of finance lease obligation | 286,900 | - | 286,900 |
| Taxation payable | 5,774,761 | 1,373,511 | 8,925,250 |
| | <u>418,390,212</u> | <u>171,832,719</u> | <u>228,138,793</u> |
| NET CURRENT ASSETS | 998,297,692 | 966,053,343 | 920,806,289 |
| INVESTMENT IN ASSOCIATED COMPANY | 13,395,706 | 15,430,054 | 15,058,344 |
| PENSION ASSET | 12,701,480 | 14,975,000 | 14,658,000 |
| OTHER INVESTMENTS | 233,461,745 | 153,017,034 | 186,092,601 |
| ADVANCES DUE FROM DYOLL PENSION SCHEME | - | 2,170,367 | 2,170,367 |
| LONG-TERM RECEIVABLE | 129,389,683 | 43,880,000 | 60,415,300 |
| INVESTMENT PROPERTIES | 39,500,000 | 30,200,000 | 39,500,000 |
| FIXED ASSETS | 43,221,471 | 23,490,464 | 28,075,442 |
| BIOLOGICAL ASSETS | 36,572,889 | 37,915,014 | 37,579,482 |
| | <u>1,506,540,666</u> | <u>1,287,131,276</u> | <u>1,304,355,825</u> |
| | ===== | ===== | ===== |

Financed by:

| | | | |
|---------------------------|----------------------|----------------------|----------------------|
| NET SHARE HOLDERS' EQUITY | 673,299,772 | 428,935,526 | 591,476,264 |
| LONG-TERM DEBT | 61,110,605 | 26,587,870 | 54,507,813 |
| MINORITY INTEREST | - | 2,199,359 | - |
| FINANCE LEASE OBLIGATION | 406,442 | - | 406,442 |
| INVESTMENT INSTRUMENT | - | 17,000,001 | - |
| DEFERRED TAX LIABILITY | 31,133,311 | 3,646,148 | 23,144,384 |
| INSURANCE FUNDS | 740,590,536 | 808,762,372 | 634,820,922 |
| | <u>1,506,540,666</u> | <u>1,287,131,276</u> | <u>1,304,355,825</u> |
| | ===== | ===== | ===== |

Peter Lawson
Director

Stephen Thwaites
Director

Group Profit and Loss Account (Unaudited)**Period ended September 30, 2004**

| | 9 months to 30-Sep-04 | 9 months to 30-Sep-03 |
|------------------------------------------------------------|----------------------------------|----------------------------------|
| Gross operating revenue | 1,121,588,711 | 1,079,111,278 |
| Operating expenses | (975,434,773) | (1,028,023,411) |
| Gross operating profit | <u>146,153,938</u> | <u>51,087,867</u> |
| Other income/(expenses) | | |
| Interest and dividends | 110,819,500 | 86,450,103 |
| Gain on exchange | 6,938,543 | 76,977,423 |
| Other income | 28,264,053 | 4,520,713 |
| Other expenses | (198,769,877) | (167,819,763) |
| | <u>93,406,157</u> | <u>51,216,343</u> |
| Share of profits of associated company | 10,477,958 | 10,533,902 |
| Finance costs | (3,683,665) | (1,897,358) |
| Profit before exceptional items | <u>100,200,450</u> | <u>59,852,887</u> |
| Exceptional items, net | - | (1,660,023) |
| Profit for the period, before taxation | <u>100,200,450</u> | <u>58,192,864</u> |
| Taxation | (36,288,075) | (6,078,294) |
| Profit after taxation, before minority interest | <u>63,912,375</u> | <u>52,114,570</u> |
| Minority interest | - | (2,117,711) |
| Profit /(Loss) for the period attributable to the group | <u>63,912,375</u> | <u>49,996,859</u> |
| | ===== | ===== |
| Earnings per stock unit | \$1.05 | \$0.82 |

Statement of Changes in shareholders' equity

30-Sep-04 Unaudited

| | Share Capital | Share premium | Capital redemption reserve | Investment revaluation reserve | Capital reserve | Retained earnings | Total |
|--------------------------------------------------------------------|------------------|------------------|----------------------------------|--------------------------------------|--------------------|----------------------|--------------|
| Balance at December 31, 2003 | 30,460,857 | 79,942,744 | 1,600,000 | 15,127,069 | 312,032,151 | 152,313,442 | 591,476,263 |
| Foreign exchange gain on equity of associated company | - | - | - | - | 175,502 | - | 175,502 |
| Gain on revaluation of equities | - | - | - | 39,933,782 | - | - | 39,933,782 |
| Gain transferred to profit and loss account on sale of equities | - | - | - | (16,105,979) | - | - | (16,105,979) |
| Profit for the period | - | - | - | - | - | 63,912,375 | 63,912,375 |
| Dividends paid | - | - | - | - | - | (6,092,171) | (6,092,171) |
| Balance at September 30, 2004 | 30,460,857 | 79,942,744 | 1,600,000 | 38,954,872 | 312,207,653 | 210,133,646 | 673,299,772 |

Statement of Cash Flows (Unaudited)

Nine Months ended September 30, 2004

| | 30-Sep-04 | 30-Sep-03 |
|---------------------------------------------------------------------------------------------------|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit for the year attributable to the group | 63,912,375 | 49,996,859 |
| Adjustments to reconcile net profit for the year to net cash provided by operating activities: | | |
| Depreciation | 4,411,065 | 4,087,921 |
| (Decrease)/Increase in insurance funds | 105,769,614 | 138,667,102 |
| Gain on sale of investments and fixed assets | (28,750,833) | (184,548) |
| Other items | 11,479,068 | 16,503,878 |

| | | |
|--------------------------------------------------|----------------------|--------------------|
| Increase in current assets | 156,821,289 | 209,071,212 |
| Increase in current liabilities | (100,242,817) | (132,761,853) |
| Net cash provided/(used) by operating activities | <u>190,331,419</u> | <u>60,173,250</u> |
| Net cash provided by investing activities | 246,909,891 | 136,482,609 |
| Net cash (used)/provided by financing activities | (8,109,811) | 44,626,493 |
| Net increase in cash resources | <u>(4,135,651)</u> | <u>(2,185,075)</u> |
| Cash resources at beginning of the period | 234,664,429 | 178,924,027 |
| Cash resources at end of the period | <u>795,639,573</u> | <u>594,053,594</u> |
| | <u>1,030,304,002</u> | <u>772,977,621</u> |
| | ===== | ===== |

The activities of the group are organized into the following primary segments:

- i. General insurance
This comprises of the underwriting of motor, property, casualty and other general insurance risks.
- ii. Corporate and other
This includes management operations of the company and the coffee cultivation of a subsidiary.

The business segments are classified geographically as "Jamaica" and "Cayman".

- b. Segment Results
Segment results are as follows:

| | 9 months ended | 9 months ended |
|---------------------|-----------------------|-----------------------|
| | Sept 30, 2004 | Sept 30, 2003 |
| | J\$'000 | J\$'000 |
| Revenue | | |
| Insurance | 1,101,927 | 1,050,488 |
| Corporate and other | <u>19,662</u> | <u>28,623</u> |
| Total | <u>1,121,589</u> | <u>1,079,111</u> |

| | | |
|-----------------------------------------|---------------|---------------|
| Profit before tax and minority interest | | |
| Insurance | 50,725 | 43,951 |
| Corporate and other | <u>13,187</u> | <u>14,242</u> |
| Total | <u>63,912</u> | <u>58,193</u> |

Notes to the unaudited Group Results

Nine months ended September 30, 2004

1. Group Operations

There were no significant changes to the Group's operations for the period under review.

2. Gross Operating Revenue

Gross operating revenue comprises gross premiums written and income from the sale of coffee beans.

3. Earnings per stock unit

Earnings per stock unit are calculated by dividing the net profit attributable to the group by the total of 60,921,714 stock units in issue.

4. Accounting Policies

a. Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretation Committee of the IASB, recommendations by the Institute of Chartered Accountants of Jamaica and the Companies Act.

b. Revenue Recognition

Revenue from the sale of goods and services is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

Dividends are recognized in the period in which they are declared.

c. Segment Reporting

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the group's business and geographical segments. The primary format, business segments, is based on the group's management and internal reporting structure.
