

Life of Jamaica Ltd.

Company Statement of Cash Flows

Year Ended December 31, 2004

	2004	2003
	\$'000	\$'000
Cash Flows From Operating Activities		
Net profit	1,433,790	1,208,683
Adjustments for:		
Depreciation	59,152	72,495
Interest income	(1,000,573)	(656,643)
Interest expense	295,494	209,052
Income tax expense	257,680	53,769
(Gain)/loss on disposal of investments	(277,757)	6,381
Gain on revaluation of investment properties	(42,276)	(11,000)
Loss on sale of investment property	2,000	-
Gain on disposal of property, plant and equipment	(8,480)	(111)
Amortisation of goodwill	55,361	41,520
Increase in policyholders' funds	78,618	2,262,519
Changes in policyholders' liabilities	64,012	(3,268)
Retirement benefits obligations	(40,020)	18,107
Effect of exchange gain on foreign balances	(36,589)	(57,534)
	<u>840,412</u>	<u>3,143,970</u>
Changes in operating assets and liabilities:		
Due from ultimate parent company	144,755	(24,673)
Due from parent company	(806)	(37,914)

Other assets, net	(278,072)	(248,002)
Other liabilities, net	<u>197,166</u>	<u>475,719</u>
	903,455	3,309,100
Interest received	1,051,230	702,324
Interest paid	(308,002)	(175,209)
Income tax paid	<u>(91,014)</u>	<u>(100,922)</u>
Net cash provided by operating activities	<u>1,555,669</u>	<u>3,735,293</u>
Cash Flows From Investing Activities		
Acquisition of insurance company, net of cash acquired	-	1,523
Purchase of investment securities	(2,728,713)	(2,882,798)
Proceeds on sale of investment securities	2,229,843	429,550
Purchase of investment property	(182,839)	(100,845)
Proceeds from sale of investment property	30,000	34,500
Purchase of securities purchased under resale agreement	(190,979)	(434,529)
Purchase of property, plant and equipment	(110,304)	(206,819)
Proceeds from sale of property, plant and equipment	<u>72,284</u>	<u>5,238</u>
Net cash used in investing activities	<u>(880,708)</u>	<u>(3,154,180)</u>
Cash Flows from Operating and Investing Activities	<u>674,961</u>	<u>581,113</u>
Cash Flows From Financing Activities		
Dividends	(405,622)	(252,090)
Associated companies	-	6
Subsidiaries	(249,609)	(560,888)
Issue of ordinary shares	<u>66,690</u>	<u>46,219</u>
Net cash used in financing activities	<u>(588,541)</u>	<u>(766,753)</u>
Effect of exchange rate on cash and cash equivalent	<u>1,007</u>	<u>567</u>
Increase/(decrease) in net cash and cash equivalents	87,427	(185,073)
Net cash and cash equivalents at beginning of year	<u>41,266</u>	<u>226,339</u>
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	<u>128,693</u>	<u>41,266</u>
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