

# LIFE OF JAMAICA LTD.

## GROUP STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2004

---

|   | 2004           | 2003             |
|---|----------------|------------------|
|   | \$'000         | \$'000           |
| <b>Cash Flows From Operating Activities</b>       |                |                  |
| Net profit  | 1,433,790      | 1,208,683        |
| Items not affecting cash:                         |                |                  |
| Depreciation                                      | 62,404         | 77,161           |
| Interest income                                   | (1,164,171)    | (987,795)        |
| Interest expense                                  | 335,241        | 210,223          |
| Income tax expense                                | 257,161        | 87,785           |
| Gain on disposal of investment securities         | (330,420)      | 19,654           |
| Gain on revaluation of investment properties      | (27,221)       | (11,000)         |
| Loss on sale of investment property               | 2,000          | -                |
| Gain on disposal of property, plant and equipment | (8,480)        | (111)            |
| Amortisation of goodwill                          | 75,885         | 41,520           |
| Increase in policyholders' funds                  | 133,661        | 1,963,580        |
| Changes in policyholders' liabilities             | 29,060         | 166,807          |
| Retirement benefits obligations                   | (41,426)       | (19,768)         |
| Effect of exchange gain on foreign balances       | (55,218)       | (57,534)         |
|   | <u>702,266</u> | <u>2,699,205</u> |
| Changes in operating assets and liabilities:      |                |                  |
| Due from ultimate parent company                  | 50,701         | (37,152)         |
| Due from parent company                           | (9,335)        | (70,597)         |
| Other assets, net                                 | (397,552)      | (351,986)        |
| Other liabilities, net                            | <u>252,978</u> | <u>415,294</u>   |
|   | 599,058        | 2,654,764        |
| Interest received                                 | 1,218,416      | 838,758          |
| Interest paid                                     | (343,964)      | (44,700)         |

|  |                  |                    |
|--|------------------|--------------------|
| Income tax paid  | (90,090)         | (144,001)          |
| Net cash provided by operating activities                    | <u>1,383,420</u> | <u>3,304,821</u>   |
| <b>Cash Flows From Investing Activities</b>                  |                  |                    |
| Acquisition of insurance portfolio, net of cash acquired     | (295,326)        | 1,523              |
| Purchase of investment securities                            | (2,847,296)      | (3,313,477)        |
| Proceeds on sale of investment securities                    | 2,579,133        | 764,881            |
| 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                    | (112,598)        | (203,863)          |
| Proceeds from sale of property, plant and equipment          | <u>72,242</u>    | <u>5,258</u>       |
| Net cash used in investing activities                        | <u>(947,663)</u> | <u>(3,246,552)</u> |
| <b>Cash Flows from Operating and Investing Activities</b>    | <u>435,757</u>   | <u>58,269</u>      |
| <b>Cash Flows From Financing Activities</b>                  |                  |                    |
| Dividends  | (405,622)        | (252,090)          |
| Associated companies   | -                | 6                  |
| Issue of ordinary shares                                     | <u>66,690</u>    | <u>46,219</u>      |
| Net cash used in financing activities                        | <u>(338,932)</u> | <u>(205,865)</u>   |
| Effect of exchange rate on cash and cash equivalent          | <u>3,798</u>     | <u>328</u>         |
| Increase/(decrease) in net cash and cash equivalents         | 100,623          | (147,268)          |
| Net cash and cash equivalents at beginning of year           | <u>177,153</u>   | <u>324,421</u>     |
| <b>NET CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)</b> | <u>277,776</u>   | <u>177,153</u>     |
|  | =====            | =====              |