

To the Members of  
BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Auditors' Report

We have audited the financial statements as of and for the period ended December 31, 2003, set out on pages 2 to 22, and have obtained all the information and explanations which we required. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the company as at December 31, 2003, and of its profit and its cash flows for the period then ended and comply with the provisions of the Companies Act.

April 15, 2004

BRITISH CARIBBEAN INSURANCE COMPANY LIMITEDBalance Sheets  
December 31, 2003 and March 31, 2003

	<u>Notes</u>	December 31, <u>2003</u> \$'000	March 31 <u>2003</u> \$'000
FIXED ASSETS	6	132,134	110,582
INVESTMENTS	7	869,018	1,084,775
OTHER ASSETS			
Cash resources		65,273	119,660
Short term investments	8	749,273	289,160
Due from fellow subsidiary		6,000	-
Due from subsidiary		-	11
Accounts receivable and prepayments	9	<u>267,873</u>	<u>221,708</u>
			<u>1,088,419</u>
		<u>630,539</u>	
		<u>2,089,571</u>	<u>1,825,896</u>
SHAREHOLDERS' EQUITY			
Share capital	10	75,000	75,000
Capital reserve		147,010	100,555
Investment revaluation reserve		101,204	105,897
Retained earnings		<u>783,650</u>	<u>431,164</u>
		1,106,864	712,616
INSURANCE FUNDS	11	485,905	631,592
OTHER LIABILITIES			
Accounts payable	12	147,143	138,179
Claims outstanding		276,319	215,822
Taxation payable		22,487	16,074
Due to fellow subsidiary		1,057	-
Due to subsidiary		174	-
Deferred tax liability	13	<u>49,622</u>	<u>111,613</u>
		<u>496,802</u>	<u>481,688</u>
		<u>2,089,571</u>	<u>1,825,896</u>

The financial statements, on pages 2 to 22, were approved by the Board of Directors on April 15, 2004, and signed on their behalf by:

\_\_\_\_\_  
Trevor Deleon Director

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Leslie Chung Director

The accompanying notes form an integral part of the financial statements.

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Statements of Operations  
Nine months ended December 31, 2003  
*(with comparatives for the year ended March 31, 2003)*

	<u>Notes</u>	December 31, <u>2003</u> \$'000	March 31, <u>2003</u> \$'000
Gross premiums written		879,103	1,017,590
Less: reinsurance premiums		<u>(360,819)</u>	<u>( 429,691)</u>
Net premiums		518,284	587,899
Net decrease in insurance funds		145,687	90,183
Commissions paid		( 95,506)	( 108,483)
Reinsurance commissions earned		62,410	78,587
Claims expenses		<u>(292,896)</u>	<u>( 213,566)</u>
Underwriting profit before operating expenses		337,979	434,620
Operating expenses		<u>(237,898)</u>	<u>( 280,018)</u>
Underwriting profit for the period/year		100,081	154,602
Interest income		104,849	115,958
Dividends		17,283	205
Foreign exchange gains		83,511	113,064
Profit commission		( 1,664)	8,670
Miscellaneous income		246	643
Gain on sale of investments		46,455	134,012
Gain on sale of fixed assets		<u>150</u>	<u>1,106</u>
Profit for the period/year before taxation	14	350,911	528,260
Taxation	15	<u>48,030</u>	<u>9,316</u>
Profit for the period/ year, after taxation		<u>398,941</u>	<u>537,576</u>

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Statement of Changes in Shareholders' Equity  
 Nine months ended December 31, 2003  
 (with comparatives for the year ended March 31, 2003)

	Share <u>Capital</u> \$'000 (Note 11)	Capital <u>reserve</u> \$'000	Investment revaluation <u>reserve</u> \$'000	Retained <u>earnings</u> \$'000	<u>Total</u> \$'000
Balances at March 31, 2002:					
As previously reported	75,000	154,643	241,498	416,842	887,983
Effect of first-time adoption of International Financial Reporting Standards (IFRS) [note 5(a)]	<u>-</u>	<u>-</u>	<u>818</u>	<u>(389,242)</u>	<u>( 388,424)</u>
As restated	75,000	154,643	242,316	27,600	499,559
Restated balances for the year [note 5(b)]	-	-	( 2,231)	537,576	535,345
Unrealised loss on investments	-	-	( 15,971)	-	( 15,971)
Transfer to capital reserves	-	134,012	-	(134,012)	-
Capital distribution	-	(188,100)	-	-	( 188,100)
Appreciation on investments sold	<u>-</u>	<u>-</u>	<u>(118,217)</u>	<u>-</u>	<u>( 118,217)</u>
Balances at March 31, 2003, as restated	75,000	100,555	105,897	431,164	712,616
Net profit for the period	-	-	-	398,941	398,941
Appreciation on investments sold	-	-	( 20,637)	-	( 20,637)
Appreciation on investments	-	-	15,944	-	15,944
Realised gain on sale on investments	<u>-</u>	<u>46,455</u>	<u>-</u>	<u>( 46,455)</u>	<u>-</u>
Balances at December 31, 2003	<u>75,000</u>	<u>147,010</u>	<u>101,204</u>	<u>783,650</u>	<u>1,106,864</u>

The accompanying notes form an integral part of the financial statements.

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

## Underwriting accounts

Nine months ended December 31, 2003

*(with comparatives for the year ended March 31, 2003)*

	<u>Motor</u> \$'000	Personal <u>Lines</u> \$'000	Commercial <u>Lines</u> \$'000	P.I <u>Pool</u> \$'000	December 31, <u>2003</u> \$'000	March 31, <u>2003</u> \$'000
Insurance funds, April 1						
Unearned premiums	225,334	16,029	94,463	-	335,826	237,527
Transitional reserve	228,575	( 3,109)	33,405	-	258,871	443,810
Unexpired risks	<u>26,607</u>	<u>957</u>	<u>9,331</u>	<u>-</u>	<u>36,895</u>	<u>40,438</u>
	<u>480,516</u>	<u>13,877</u>	<u>137,199</u>	<u>-</u>	<u>631,592</u>	<u>721,775</u>
Premiums written	437,369	141,253	299,901	580	879,103	1,017,590
Reinsurance premiums	<u>( 6,546)</u>	<u>(130,198)</u>	<u>(223,826)</u>	<u>( 249)</u>	<u>(360,819)</u>	<u>( 429,691)</u>
	<u>430,823</u>	<u>11,055</u>	<u>76,075</u>	<u>331</u>	<u>518,284</u>	<u>587,899</u>
Insurance funds, March 31:						
Unearned premiums	(273,190)	( 19,914)	( 88,767)	-	(381,871)	(335,826)
Transitional reserve	( 53,530)	1,776	( 19,101)	-	( 70,855)	(258,871)
Unexpired risks	<u>( 26,277)</u>	<u>( 815)</u>	<u>( 6,087)</u>	<u>-</u>	<u>( 33,179)</u>	<u>( 36,895)</u>
	<u>(352,997)</u>	<u>( 18,953)</u>	<u>(113,955)</u>	<u>-</u>	<u>(485,905)</u>	<u>(631,592)</u>
Net premiums earned	<u>558,342</u>	<u>5,979</u>	<u>99,319</u>	<u>331</u>	<u>663,971</u>	<u>678,082</u>
Claims outstanding, April 1						
Gross claims	234,348	1,157	83,521	-	319,026	284,827
Reinsurance recoveries	<u>( 57,493)</u>	<u>( 810)</u>	<u>( 44,901)</u>	<u>-</u>	<u>(103,204)</u>	<u>( 55,047)</u>
	<u>176,855</u>	<u>347</u>	<u>38,620</u>	<u>-</u>	<u>215,822</u>	<u>229,780</u>
Claims paid:						
Gross claims	212,392	4,212	60,036	30	276,670	333,033
Reinsurance recoveries	<u>( 22,558)</u>	<u>( 2,961)</u>	<u>( 18,752)</u>	<u>-</u>	<u>( 44,271)</u>	<u>(105,509)</u>
	<u>189,834</u>	<u>1,251</u>	<u>41,284</u>	<u>30</u>	<u>232,399</u>	<u>227,524</u>
Claims outstanding March 31:						
Gross claims	245,738	2,980	109,600	-	358,318	319,026
Reinsurance recoveries	<u>( 44,199)</u>	<u>( 1,196)</u>	<u>( 36,604)</u>	<u>-</u>	<u>( 81,999)</u>	<u>(103,204)</u>
	<u>201,539</u>	<u>1,784</u>	<u>72,996</u>	<u>-</u>	<u>276,319</u>	<u>215,822</u>
Net claims expenses	<u>214,518</u>	<u>2,688</u>	<u>75,660</u>	<u>30</u>	<u>292,896</u>	<u>213,566</u>
Commissions:						
Commissions incurred	41,044	16,683	37,719	60	95,506	108,483
Reinsurance commissions earned	<u>-</u>	<u>( 20,696)</u>	<u>( 41,578)</u>	<u>( 136)</u>	<u>( 62,410)</u>	<u>( 78,587)</u>
	<u>41,044</u>	<u>( 4,013)</u>	<u>( 3,859)</u>	<u>( 76)</u>	<u>33,096</u>	<u>29,896</u>
Profit before expenses	302,780	7,304	27,518	377	337,979	434,620
Expenses	<u>(118,358)</u>	<u>( 38,225)</u>	<u>( 81,158)</u>	<u>( 157)</u>	<u>(237,898)</u>	<u>(280,018)</u>
Underwriting profit/(loss)	<u>184,422</u>	<u>( 30,921)</u>	<u>( 53,640)</u>	<u>220</u>	<u>100,081</u>	<u>154,602</u>