

FIRST LIFE INSURANCE COMPANY LIMITED

and its subsidiaries

Unaudited Financial Results for the 6 months ended June 30, 2004

Profit Attributable to Shareholders for the six months ended June 30, 2004 amounted to \$517.6 million (2003: \$294.9 million), an increase of 75%. Leading the improved performance is the contribution to profits by Pan Caribbean Financial Services Limited (PCFS) which company's profitability benefits from the merger of operations with the Manufacturers Sigma Group effective March 1, 2004, together with the decline in interest rates experienced during the first half of the year.

Agreement has now been reached with Life of Jamaica Limited (LOJ) with respect to the proposed transfer of First Life's insurance business to LOJ together with our 38% interest in PCFS. Application for approval has been made to the Financial Services Commission in respect to the insurance business transfer and, to the Bank of Jamaica in respect to the PCFS transfer. It is anticipated that the necessary approvals will be obtained and, the agreement concluded before the end of the year.

An Extraordinary General Meeting of the First Life shareholders will be held in order to obtain your approval of the proposed transaction and Notice of this meeting will be advised in the near future.

Maurice W. Facey
chairman

W.G. Bryan Ewen
Chief Executive Officer

Unaudited Consolidated Profit and Loss Account

	3-Months to June 2004 \$'000	3-Months to June 2003 \$'000	6-Months to June 2004 \$'000	6-Months to June 2003 \$'000
Revenue				
Insurance	424,588	323,822	803,512	641,412
Investment	129,388	789,464	746,152	1,293,250
Property	118,561	95,694	244,044	197,831
Other	50,107	50,325	80,492	275,963
	<u>722,644</u>	<u>1,259,515</u>	<u>1,874,200</u>	<u>2,408,456</u>
	=====	=====	=====	=====
Policyholders' Benefits and Expenses				
Policyholders' benefits & reserves	349,598	305,451	649,705	556,079
Commissions	19,962	22,824	41,422	43,651
Management property and other expenses	<u>112,441</u>	<u>82,768</u>	<u>259,209</u>	<u>324,978</u>
	<u>482,001</u>	<u>411,043</u>	<u>950,336</u>	<u>924,708</u>
Operating Profit	240,643	848,472	923,864	1,483,748
Interest expense	(436)	(700,775)	(457,613)	(1,151,195)
	<u>240,207</u>	<u>147,697</u>	<u>466,251</u>	<u>332,553</u>
Share of results In associated companies	<u>92,233</u>	<u>614</u>	<u>136,995</u>	<u>1,150</u>
Profit before taxation	332,440	148,311	603,246	333,703
Taxation	(58,421)	(5,270)	(68,324)	(13,852)
Profit after taxation	274,019	143,041	534,922	319,851
Minority interest	-	(6,729)	(17,360)	(24,977)
Net Profit	<u>274,019</u>	<u>136,312</u>	<u>517,562</u>	<u>294,874</u>
	=====	=====	=====	=====
	000's	000's	000's	000's
EARNINGS PER STOCK UNIT	\$0.91	\$0.45	\$1.72	\$0.98
FULLY DILUTED EARNINGS PER STOCK UNIT	\$0.90	\$0.44	\$1.71	\$0.97

Unaudited Consolidated Balance Sheet

	June 2004 \$'000	December 2003 \$'000
ASSETS		
Investments	2,794,420	19,155,536
Investment properties	1,719,954	1,585,759
Investment associated companies	1,369,869	59,382
Property plant and equipment	107,796	232,569
Other assets	873,662	2,339,435
Deferred tax assets	3,477	23,067
Retirement benefits assets	55,301	59,340
Segregated funds assets	73,010	53,662
Intangible assets	198,666	204,370
	<u>7,196,155</u>	<u>23,713,120</u>
	=====	=====
LIABILITIES		
Stockholders' Equity		
Share capital	303,083	300,258
Share premium	52,035	49,917
Capital redemption	3,000	3,000
Investment and other reserves	618,356	658,988
Retained earnings	2,942,812	2,441,029
	<u>3,919,286</u>	<u>3,453,192</u>
Minority interest	-	346,053
Policyholders' funds	2,024,877	1,878,409
Deferred tax liabilities	55,022	55,658
Long term loans	128,410	136,344
Retirement benefit obligations	49,769	52,651
Segregated funds' liabilities	73,010	53,662
Other liabilities	945,734	17,736,737
Due (from)/to related party	47	414
	<u>7,196,155</u>	<u>23,713,120</u>
	=====	=====

Unaudited Consolidated Statement of Cash Flows

	June 2004 \$ '000	June 2003 \$ '000
Net profit	517,562	294,874
Items not affecting cash	<u>(286,437)</u>	<u>12,300</u>
	231,125	307,174
Changes in non-cash working capital components	<u>(281,327)</u>	<u>2,482,925</u>
Cash flow (used in)/from operating activities	(50,202)	2,790,099
Cash flow from/(used in) investing activities	127,294	(2,795,053)
Cash flow (used in) financing activities	<u>(42,743)</u>	<u>(78,132)</u>
Net increase/(decrease) in cash and cash equivalents	34,349	(83,086)
Cash & cash equivalents at beginning of period	<u>740,825</u>	<u>958,616</u>
Cash & cash equivalents at end of period	<u>775,174</u>	<u>875,530</u>
	=====	=====
Comprising:		
Cash and bank balances	234,649	478,082
Short term Investments	561,788	450,068
Bank overdraft	<u>(21,263)</u>	<u>(52,620)</u>
	<u>775,174</u>	<u>875,530</u>
	=====	=====

Unaudited Consolidated Statement of Changes in Stockholders' Funds

	June 2004 \$'000	June 2003 \$'000
Equity at beginning of the period	3,453,192	2,736,458
Net profit for the period	517,562	294,874
Unrealised gain/(loss) on investments	2,727	(43,811)
Issue of shares	4,943	
Grant	-	9,738
Realised gains on sale of investments	(22,777)	-
Dividends paid	(36,361)	(42,036)
Equity at end of period	<u>3,919,286</u> =====	<u>2,955,223</u> =====

Unaudited Financial Information by Business Segments

Six Months ended 30 June 2004

	Insurance \$'000	Property \$'000	Banking and Other Financial Services \$'000	Eliminations \$'000	Total \$'000
REVENUE	921,923	286,588	665,689	-	1,874,200
External	<u>59,051</u>	<u>5,146</u>	<u>915</u>	<u>(65,112)</u>	<u>-</u>
Inter-segment	980,974	291,734	666,604	(65,112)	1,874,200
Total revenue					
RESULT	202,988	88,511	174,752	-	466,251
Operating profits					
Share of results in associated companies	<u>33</u>	<u>2,367</u>	<u>134,595</u>	<u>-</u>	<u>136,995</u>

Profit before taxation	203,021	90,878	309,347	-	603,246
Taxation	<u>(18,839)</u>	<u>(2,427)</u>	<u>(47,058)</u>	-	<u>(68,324)</u>
Profit after taxation	<u>184,182</u>	<u>88,451</u>	<u>262,289</u>	-	<u>534,922</u>
	=====	=====	=====	=====	
Minority interest					<u>(17,360)</u>
Net Profit					<u>517,562</u>
					=====

Six Months ended 30 June 2003

REVENUE

External	830,737	215,930	1,361,789	-	2,408,456
Inter-segment	<u>62,623</u>	<u>19,090</u>	<u>1,395</u>	<u>(83,108)</u>	<u>-</u>
Total revenue	<u>893,360</u>	<u>235,020</u>	<u>1,363,184</u>	<u>(83,108)</u>	<u>2,408,456</u>
	=====	=====	=====	=====	=====

RESULT

Operating profits	196,540	55,481	86,594	(6,062)	332,553
Share of results in associated companies	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>1,150</u>
Profit before taxation	<u>196,540</u>	<u>56,631</u>	<u>86,594</u>	<u>(6,062)</u>	<u>333,703</u>
Taxation	<u>(11,213)</u>	<u>(2,639)</u>	<u>-</u>	<u>-</u>	<u>(13,852)</u>
Profit after taxation	<u>185,327</u>	<u>53,992</u>	<u>86,594</u>	<u>(6,062)</u>	<u>319,851</u>
	=====	=====	=====	=====	
Minority interest					<u>(24,977)</u>
Net Profit					<u>294,874</u>
					=====
