

First Life Insurance Company Limited 1998

Financial results of the first quarter ended March 31, 2000 reflect Improvement over last year, Group revenues climbed 51% to \$505.6 million, Insurance providing the main source of this growth and in particular the group business acquired from FINSAC in July 1999. Administrative expenses increased by 18% over 1999 reflecting the additional staffing required to operate the expanded portfolios. However, as a percentage of revenues, administrative expenses fell to 18% compared to 23% for the same period last year, reflecting the economies of the enlarged portfolios.

Profit before transfers from Investment Reserves increased by 82% to \$73.3 million (1999: \$40.2 million). Improved contributions came from all but one profit centre and in particular from the recently acquired group insurance business.

Net profit after tax amounted to \$68.9 million, an increase of 49% over the \$46.37 million of 1999. Transfers from investment reserves in net profits were \$7.8 million (1998: \$13.2 million) reflecting a reduction rate to 7.5% (1999: 10%).

We continue to be pleased with the profitability of Pan Caribbean. Following on its improved performance in 1999, Pan Caribbean's first quarter results for 2000 were up significantly over the same period last year.

On March 31, 2000 FirstLife acquired 100% of the equity of Knut5ford Capital Merchant Bank with the intention of merging it with Pan Caribbean. We expect the merger to be completed by May 31, 2000. During the period under review our associated company Trafalgar Development Bank (TDB) performed as expected and Its results are consolidated into FirstLife's profits.

Our largest subsidiary, Jamaica Property Company Ltd., maintains our confidence in well-managed, ideally located investment properties. JPCo closed this quarter with revenues up 14% over 1999 and an occupancy level of 96% compared to 93% at December 1999.

The results for the period are very satisfying but we should be aware challenges lie ahead, primary amongst which is the intense competitiveness in the group life and health business. Our objective here will be to use technology to improve our operating efficiency and enhance customer relationships.

Your Directors believe these first quarter results are reasonably indicative of profits expected for this financial year.

**Unaudited Consolidated Business Revenue
Three Months Ended-March 31, 2000**

	2000	1999
Income		
Insurance	400,106	249,687
Property investment and management	64,127	56,079
Merchant Banking	39,246	29,920
Share of Profit of associated companies	<u>2,137</u>	<u>(86)</u>
	<u>505,616</u>	<u>335,600</u>
Expenses		
Policyholders' Benefits & Reserve	310,982	197,686
Commissions	20,226	10,163
Management & Property Expenses	92,330	77,847
Interest Expense	<u>8,777</u>	<u>9,730</u>
	<u>432,315</u>	<u>295,426</u>
Operating Profit	73,301	40,174
Transfer from Investment Reserve	7,836	13,164
Profit before Taxation	81,137	53,338
Taxation	<u>(12,206)</u>	<u>(6,967)</u>
Net Profit	<u>68,931</u>	<u>46,371</u>
EARNINGS PER STOCK UNIT	\$0.23	\$0.15

Unaudited Balance Sheet
Three Months Ended March 31, 2000

	March 2000	December 1999
ASSETS		
Investments		
Government of Jamaica		
Securities	1,758,862	1,587,278
Mortgage, Loans, Bonds	337,620	274,479
Equities	111,398	83,523
Real Estate	<u>1,483,354</u>	<u>1,495,617</u>
	<u>3,691,234</u>	<u>3,440,897</u>
Investment in associated		
Companies	111,932	88,662
Fixed Assets	142,967	120,383
Other Assets	757,818	718,062
Goodwill	64,558	67,088
	<u>1,077,275</u>	<u>994,195</u>
Total Assets	<u>4,768,509</u>	<u>4,435,092</u>
LIABILITIES		
Policyholders' Funds	2,071,453	1,968,162
Other Liabilities	928,819	759,420
Investment Reserves	314,459	322,663
Shareholders' Funds	<u>1,453,778</u>	<u>1,384,847</u>
	<u>4,768,509</u>	<u>4,435,092</u>
