

FIRST LIFE INSURANCE COMPANY

and its subsidiaries

Unaudited Financial Results

June 30, 2003

Chairman's Report

The following accounts for First Life and its subsidiaries, Pan Caribbean Financial Services (71%) and Jamaica Property Company Ltd. (100%), have been prepared on the basis of International Accounting Standards (IAS). As a result the comparative statements for 2002 have been restated and details set out in the Statement of Changes in Equity.

Profit Attributable to Shareholders for six months ended 30 June 2003 amounted to \$294.9 million (2002: \$177.7 million). The prolonged high interest rates and the depreciation of the Jamaican Dollar in the period had no negative effect on the profit performance of the Insurance and Property Divisions though on a mark-to-market basis, fixed rate government securities had the effect of reducing shareholders equity by \$143 million to \$2,932 million. With regard to our Banking and Securities Dealing Operations, earnings slowed considerably in this quarter. Beginning in June, interest rates have declined significantly and if continued, will return PCFS to an acceptable level of profitability and the restoration of shareholders' equity in this Group. The back-office merger and co-insurance arrangements with Life of Jamaica are working well and meeting our expectations.

Richard O. Byles
Chairman & CEO

Unaudited Consolidated Balance Sheet

Six Months Ended June 30, 2003

	June 2003 \$'000	December 2002 \$'000
ASSETS		
Investments		
Government of Jamaica and other securities	1 6,048,805	13,746,264
Mortgages, loans and bonds	1,469,076	1,539,174
Equities	143,575	282,612
Real estate	<u>1,426,633</u>	<u>1,418,534</u>
	19,088,089	16,986,584
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Investment in Associated Companies	59,856	59,958
Fixed Assets	376,275	318,728
Banking and Other Assets	1,829,111	1,666,442
Segregated Funds' Assets	47,484	44,225
Goodwill	<u>195,548</u>	<u>202,532</u>
	2,508,274	2,291,885
	=====	=====
Total Assets	21,596,363	19,278,469
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**LIABILITIES AND
STOCKHOLDERS FUNDS**

Policyholders' Funds	1,904,673	1,912,916
Banking and Other Liabilities	3,477,428	3,111,109
Securities sold under agreement to repurchase	12,919,522	10,814,774
Minority Interest	315,343	320,059
Segregated Funds Liabilities	47,484	44,225
Stockholders' Funds	<u>2,931,913</u>	<u>3,075,386</u>
Total Liabilities	<u><u>21,596,363</u></u>	<u><u>19,278,469</u></u>

Unaudited Consolidated Profit and Loss Account

Six Months Ended June 30, 2003

	3 Months to June 2003 \$'000	3 Months to June 2002 \$'000	6 Months to June 2003 \$'000	6 Months to June 2002 \$'000
Income				
Insurance	430,690	348,129	830,737	682,011
Property Investment and management	108,343	54,583	215,930	110,432
Merchant banking	790,483	459,207	1,361,789	907,881
Share of results of Associated Companies	614	1,215	1,150	(6,839)
	<u>1,330,130</u>	<u>863,134</u>	<u>2,409,606</u>	<u>1,693,485</u>

Policy Benefits and Expenses

Policyholders' benefits & Reserves	305,452	220,772	556,079	447,017
Commissions	22,824	21,200	43,651	39,375
Management, property and other expenses	<u>152,768</u>	<u>154,202</u>	<u>324,979</u>	<u>276,847</u>
	<u>481,044</u>	<u>396,174</u>	<u>924,709</u>	<u>763,239</u>
Operating Profit	849,086	466,960	1,484,897	930,246
Interest Expense	700,775	337,704	1,151,195	707,319
Profit before taxation	148,311	129,256	333,702	222,927
Taxation	<u>(5,270)</u>	<u>(5,273)</u>	<u>(13,852)</u>	<u>(13,315)</u>
Profit after Taxation	143,041	123,983	319,850	209,612
Minority Interest in Results of Subsidiary	<u>(6,729)</u>	<u>(19,410)</u>	<u>(24,977)</u>	<u>(31,911)</u>
Net Profit	136,312	104,573	294,873	177,701
EARNINGS PER STOCK UNIT	45 cents	35 cents	98 cents	59 cents
FULLY DILUTED EARNINGS PER STOCK UNIT	44 cents	35 cents	96 cents	59 cents

Unaudited Consolidated Statement of Changes in Stockholders'

Funds

	June 2003 \$'000	June 2002 \$'000
Equity at beginning of the year		
- as previously reported	2,844,109	2,574,424
- effect of adopting IFRS		
IAS 19 - Employee Benefits	23,531	28,300
IAS 28 - Investment in Associates	936	-
IAS 39 - Financial Instruments:		
Recognition and Measurement	299,188	134,155
IAS 40 - Investment Property	<u>(92,378)</u>	<u>-</u>
Equity as restated	3,075,386	2,736,879
Net profit for the period	294,874	177,701
Change in share capital	-	100
Change in share premium	-	75
Fair value adjustment	(396,312)	(101,653)
Dividends paid & proposed	<u>(42,036)</u>	<u>-</u>
	<u>2,931,912</u>	<u>2,813,102</u>
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Unaudited Consolidated Statement of Cash Flow

Six Months ended June 30, 2003

	June 2003 \$'000	June 2002 \$'000
Net profit	294,873	177,701
Items not affecting cash	12,300	178,171
	<u>307,173</u>	<u>355,872</u>
Changes in non-cash working capital components	2,482,926	583,142
Cash Flow (used in)/from operating activities	<u>2,790,099</u>	<u>939,014</u>
Cash Flow (used in)/from investing activities	(2,795,053)	(1,321,343)
Cash Flow from financing activities	(78,132)	283,343
(Decrease)/increase in cash resources	<u>(83,086)</u>	<u>(98,986)</u>
Cash & equivalents at beginning of period	958,616	998,406
Net Cash & equivalents at end of period	<u>875,530</u>	<u>899,420</u>
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Financial Information by Business Segment

Six months ended June 30, 2003.

	Insurance \$'000	Property \$'000	Banking \$'000	Eliminations \$'000	Total \$'000
<u>REVENUE</u>					
Segment income	830,737	215,930	1,361,789	-	2,408,456
Inter-segment income	62,623	19,090	1,395	(83,108)	-
	<u>893,360</u>	<u>235,020</u>	<u>1,363,184</u>	<u>(83,108)</u>	<u>2,408,456</u>
<u>RESULT</u>					
Segment result	196,540	113,121	1,242,141	(68,055)	1,483,747
Interest expense	-	(57,640)	(1,155,548)	61,993	(1,151,195)
Share of results of Associated Companies	-	-	-	-	1,150
Profit before taxation	<u>196,540</u>	<u>55,481</u>	<u>86,593</u>	<u>(6,062)</u>	<u>333,702</u>
Taxation					<u>13,852</u>
Profit after taxation					319,850
Minority Interest in results of subsidiaries					24,977
Net Profit					<u>294,873</u>

Six months ended June 30, 2002

REVENUE

Segment income	682,011	110,432	907,881	-	1,700,324
Inter-segment income	31,677	18,857	1,744	(52,278)	-
	<u>713,688</u>	<u>129,289</u>	<u>909,625</u>	<u>(52,278)</u>	<u>1,700,324</u>

RESULT

Segment result	122,425	32,144	817,848	(35,332)	937,085
Interest expense	-	(28,569)	(709,361)	30,611	(707,319)
Share of results of Associated Companies	-	-	-	-	(6,839)

Profit before taxation	<u>122,425</u>	<u>3,575</u>	<u>108,487</u>	<u>(4,721)</u>	<u>222,927</u>
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Taxation					<u>13,315</u>
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Profit after taxation					209,612
Minority Interest in results of subsidiaries					<u>31,911</u>

Net Profit					<u>177,701</u>
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