

# **FIRST LIFE INSURANCE COMPANY LIMITED**

**and its subsidiaries**

## **Unaudited Financial Results**

**Nine Months ended 30 September 2004**

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Profit Attributable to Stockholders for the nine months ended September 30, 2004 amounted to \$839.3 million compared to \$478.8 million in the corresponding period of the previous year. This 75% increase was in line with our performance in the first two quarters of the year. This significant increase in profits is led by Pan Caribbean Financial Services Limited (PCFS) and supported by good performances by the insurance and property divisions - up 25% and 48%, respectively. Employee Benefits Administrator Ltd. our joint venture with Life of Jamaica Ltd., continues to perform creditably and our commercial properties maintain occupancy rates in excess of 90%.

The application to the regulatory authorities to transfer First Life's insurance business, together with our 38% interest in PCFS, is still being processed and approval is expected shortly. In the meantime, an Extraordinary General Meeting of stockholders was held on Monday, November 8, 2004 at which all Resolutions relating to this transaction were passed unanimously.

We look forward to realizing the synergies arising from this transaction, which should be on a par with those earlier this year from the merger of PCFS with Manufacturers Sigma Merchant Bank.

Maurice W. Facey  
Chairman

W. G. Bryan Ewen  
Chief Executive Officer

11 November 2004

## Unaudited Consolidated Profit and Loss Account

Nine Months ended 30 September 2004

	3-Months to September 2004 \$'000	3-Months to September 2003 \$'000	9-Months to September 2004 \$'000	9-Months to September 2003 \$'000
<b>Revenue</b>				
Insurance premium	450,186	369,401	1,253,698	1,010,813
Investment	109,529	846,980	855,681	2,140,230
Property	78,840	56,904	322,884	254,735
Other	100,511	90,530	181,003	366,493
	<u>739,066</u>	<u>1,363,815</u>	<u>2,613,266</u>	<u>3,772,271</u>
<b>Policyholders' benefits and expenses</b>				
Policyholders' benefits and reserves	326,747	282,012	976,452	838,091
Commissions	30,978	23,849	72,400	67,500
Management, property and other expenses	120,447	157,238	379,656	482,216
	<u>478,172</u>	<u>463,099</u>	<u>1,428,508</u>	<u>1,387,807</u>
Operating profit	260,894	900,716	1,184,758	2,384,464
Interest expense	(507)	(686,647)	(458,120)	(1,837,842)
	<u>260,387</u>	<u>214,069</u>	<u>726,638</u>	<u>546,622</u>
Share of results of associated companies	141,887	705	271,173	1,855
Profit before taxation	402,274	214,774	997,811	548,477
Taxation	(72,875)	(9,422)	(141,199)	(23,274)
Profit after taxation	329,399	205,352	856,612	525,203
Minority interest	-	(21,436)	(17,360)	(46,413)
<b>Net profit</b>	<u>329,399</u>	<u>183,916</u>	<u>839,252</u>	<u>478,790</u>
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EARNINGS PER STOCK UNIT	'000's	'000's	'000's	'000's
	\$1.09	\$0.61	\$2.78	\$1.59
FULLY DILUTED EARNINGS PER STOCK UNIT	\$1.08	\$0.60	\$2.77	\$1.56

### Unaudited Consolidated Balance Sheet

30 September 2004

	September 2004 \$'000	December 2003 \$'000
<b>ASSETS</b>		
Investments	3,060,778	19,155,536
Investment properties	1,742,162	1,585,759
Investment in associated companies	1,883,547	59,382
Property, plant and equipment	127,512	232,569
Other assets	822,678	2,339,435
Deferred tax assets	3,477	23,067
Retirement benefits assets	55,301	59,340
Segregated funds assets	80,677	53,662
Intangible assets	188,340	204,370
	<u>7,964,472</u>	<u>23,713,120</u>
	=====	=====
<b>LIABILITIES</b>		
<b>Stockholders' Equity</b>		
Share capital	303,083	300,258
Share premium	52,035	49,917
Capital redemption reserve	3,000	3,000
Investment and other reserves	1,027,232	658,988

Retained earnings	<u>3,232,911</u>	<u>2,441,029</u>
	4,618,261	3,453,192
Minority interest	-	346,053
Policyholders' funds	2,068,283	1,878,409
Deferred tax liabilities	55,022	55,658
Long term loans	124,994	136,344
Retirement benefit obligations	49,769	52,651
Segregated funds' liabilities	80,677	53,662
Other liabilities	967,103	17,736,737
Due to related party	<u>363</u>	<u>414</u>
	<u>7,964,472</u>	<u>23,713,120</u>
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## Unaudited Consolidated Statement of Changes in

### Stockholders' Funds

30 September 2004

	<b>September</b>	<b>September</b>
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity at beginning of the period	3,453,192	2,736,458
Net profit for the period	839,252	478,790
Unrealised gain on investments	423,958	5,463
Issue of stock units	4,943	
Movement in loan loss reserves	(736)	16,750
Realised gains on sale of investments	(29,617)	-
Dividends paid and proposed	<u>(72,731)</u>	<u>(92,479)</u>
Equity at end of period	<u>4,618,261</u>	<u>3,144,982</u>
	=====	=====

## Unaudited Consolidated Statement of Cash Flows

Nine Months ended 30 September 2004

	September 2004 \$'000	September 2003 \$'000
Net profit	839,252	478,790
Items not affecting cash	<u>(486,960)</u>	<u>23,987</u>
	352,292	502,777
Changes in non-cash working capital components	<u>(402,867)</u>	<u>2,824,754</u>
Cash flows (used in)/from operating activities	(50,575)	3,327,531
Cash flows used in investing activities	(7,289)	(3,216,238)
Cash flows used in financing activities	<u>(103,024)</u>	<u>(118,518)</u>
Net decrease in cash and cash equivalents	(160,888)	(7,225)
Cash and cash equivalents at beginning of period	<u>740,825</u>	<u>958,616</u>
Cash and cash equivalents at end of period	<u>579,937</u>	<u>951,391</u>
	=====	=====
Comprising:		
Cash and bank balances	132,668	564,332
Short term investments	480,061	424,646
Bank overdraft	<u>(32,792)</u>	<u>(37,587)</u>
	<u>579,937</u>	<u>951,391</u>
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## Unaudited Financial Information by Business Segments

Nine Months ended 30 September 2004

	Insurance \$'000	Property \$'000	Banking and Other Financial Services \$'000	Eliminations \$'000	Total \$'000
<b>REVENUE</b>					
External	1,506,204	432,169	674,893	-	2,613,266
Inter-segment	88,970	6,987	915	(96,872)	-
Total revenue	<u>1,595,174</u>	<u>439,156</u>	<u>675,808</u>	<u>(96,872)</u>	<u>2,613,266</u>
	=====	=====	=====	=====	=====
<b>RESULT</b>					
Operating profits	410,474	132,218	183,946	-	726,638
Share of results of associated companies	33	3,268	267,872	-	271,173
Profit before taxation	<u>410,507</u>	<u>135,486</u>	<u>451,818</u>	-	<u>997,811</u>
Taxation	<u>(67,967)</u>	<u>(3,983)</u>	<u>(69,249)</u>	-	<u>(141,199)</u>
Profit after taxation	<u>342,540</u>	<u>131,503</u>	<u>382,569</u>	-	<u>856,612</u>
	=====	=====	=====	=====	=====
Minority interest					<u>(17,360)</u>
<b>Net profit</b>					<u>839,252</u>
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**Nine Months ended 30 September 2003**

<b>REVENUE</b>					
External	1,272,954	331,577	2,167,740	-	3,772,271
Inter-segment	95,975	21,944	11,400	(129,319)	-
Total revenue	<u>1,368,929</u>	<u>353,521</u>	<u>2,179,140</u>	<u>(129,319)</u>	<u>3,772,271</u>
	=====	=====	=====	=====	=====
<b>RESULT</b>					
Operating profits	294,099	90,654	171,843	(9,974)	546,622
Share of results of associated companies	-	1,855	-	-	1,855
Profit before taxation	<u>294,099</u>	<u>92,509</u>	<u>171,843</u>	<u>(9,974)</u>	<u>548,477</u>
Taxation	<u>(19,583)</u>	<u>(3,691)</u>	<u>-</u>	<u>-</u>	<u>(23,274)</u>
Profit after taxation	<u>274,516</u>	<u>88,818</u>	<u>171,843</u>	<u>(9,974)</u>	<u>525,203</u>
	=====	=====	=====	=====	=====
Minority interest					<u>(46,413)</u>
<b>Net profit</b>					<u>478,790</u>
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**Note:** For the first half of 2004 our associated company, Pan Caribbean Financial Services Ltd. (PCFS) used the Uniting of Interests method to account for its business combination with Manufacturers Investment Ltd. (MIL). However, this transaction is now being treated as an acquisition of MIL by PCFS. As a result, the premium on the shares issued to MIL stockholders was adjusted to reflect market price at the date of issue. The increase in the share premium generated a correspondingly increase in the Goodwill carried on PCFS' balance sheet.

The effect on First Life of the above transaction is an increase in stockholders' equity of \$346.9 million, and a \$7.7 million reduction in its share of PCFS' profits for the six months to 30 June 2004. This is due to an increase in PCFS' operating expenses, arising from the amortization of goodwill.