LIFE OF JAMAICA LTD.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

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1. Identification and Activities

(a) Life of Jamaica Limited is incorporated and domiciled in Jamaica. It is a 61.9% (2003 - 62.5%) subsidiary of LOJ Holdings Limited which is also incorporated and domiciled in Jamaica. The ultimate parent company is Sagicor Financial Corporation (Sagicor), which is incorporated and domiciled in Barbados. Sagicor has an overall interest of 78.2% (2003 - 78.9%) in Life of Jamaica Limited.

The main activities of the company include the provision of life and health insurance, pension administration, investment services, pension and retirement products and savings and investment products. The registered office of the company is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

The company is registered to conduct business under the Insurance Act, 2001.

The company is listed on the Jamaica Stock Exchange.

(b) The company's subsidiaries, which together with the company are referred to as "the group", are as follows:

Subsidiaries	**Principal Activities**	**Incorporated In**	**Holding**	**Financial Year End**
Sagicor Life of the Cayman Islands Limited (formerly Global Life Assurance Company Limited)	Life insurance	Grand Cayman	100%	31 December
LOJ Property Management Limited	Property management	Jamaica	100%	31 December

LOJ Pooled Investment Funds Limited	Pension fund management (Note 1 (c))	Jamaica	100%	30 September
Sagicor Re Insurance Limited	Property and casualty insurance	Grand Cayman	100%	31 December

(c) LOJ Pooled Investment Funds Limited holds the assets of the Pooled Pension Investment Funds in trust, on behalf of pension funds. At 30 September 2004, the audited assets totalled approximately $21,654,322,000 (2003 - $14,659,031,000). At 31 December 2004, the unaudited assets totalled approximately $23,483,251,000 (2003 - $15,720,852,000).

(d) Life of Jamaica Limited Diversified Investment Fund holds assets in trust, on behalf of pension funds. At 31 December 2004, the audited assets totalled approximately $2,011,070,000 (2003 - $1,890,170,000).

(e) In July 2002, the company and First Life Insurance Company Limited entered into a co-insurance agreement to coordinate the administration of their respective Employee Benefits businesses. The profits or losses accruing from this venture are apportioned equally between the two entities. In order to achieve the desired value parity in the arrangement, First Life Insurance Company Limited issued a promissory note in the value of $160,000,000 at a rate of 20% per annum.

(f) On 1 October 2002, the company and First Life Insurance Company Limited entered into an agreement for the administration of the individual life portfolio of First life Insurance Company Limited.

(g) Effective 31 March 2003, the company acquired all the outstanding shares of Island Life Insurance Company Limited (Island Life). The acquisition was effected by way of an exchange of four and a quarter (4.25) ordinary stock units in Life of Jamaica Limited (LOJ) for each ordinary stock unit in Island Life. The new stock units in LOJ were ranked pari passu for all purposes with the existing ordinary shares of the company.

Effective 10 November 2003, LOJ and Island Life obtained approval from the Regulator, the Financial Services Commission (FSC), to amalgamate their operations in accordance with Section 37 (9) of the Insurance Regulations, 2001. Therefore, the company's balance sheet reflects that of the combined entities.

(h) Effective 1 January 2004, one of the company's subsidiaries, Sagicor Life of the Cayman Islands Limited, acquired the individual life and group life business in the Cayman Islands of Capital Life Insurance Company Limited, a subsidiary of Sagicor Life Inc. (Note 46).

(i) Effective 1 January 2004, Life of Jamaica assumed the insurance liabilities and supporting assets for the Sagicor Life Inc. insurance portfolio in Jamaica. (Note 47).

(j) These financial statements are presented in Jamaican dollars unless otherwise indicated.

2. Significant Accounting Policies

(a) Basis of preparation
These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment property and certain property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Where IFRS does not contain any guidelines governing the accounting treatment of transactions specific to insurance contracts, the group typically refers to the accounting principles outlined in the Insurance Regulations, 2001.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated on a line-by-line basis.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value !of the net assets of the subsidiary acquired is recorded as goodwill. Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

(ii) Associates
Investments in associates are accounted for by the equity method of accounting. Under this method the company's share of the post-acquisition profits or losses of associates is recognised in the statement of operations and its share of post-acquisition movements in reserves recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities over which the group generally has between 20% and 50% of the voting rights, or over which the group has significant influence, but which it does not control.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the company's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Foreign currency translation
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of operations.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are recognised within stockholders' equity if the non-monetary financial assets are classified as available-for-sale.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rate at the date of that balance sheet.

(ii) income and expenses are translated at average exchange rates.

(iii) all resulting exchange differences are recognised as a separate component of equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to stockholders' equity.

(d) Financial instruments
Financial instruments carried on the balance sheet include cash resources, investments, securities purchased under resale agreement, other assets, and other liabilities.

The fair values of the group's and the company's financial instruments are discussed in Note 42.

(e) Investments
(i) Investment securities
Investments are classified into the following categories: originated loans, and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Originated debt securities include those where money is provided to the issuer, either directly or through an intermediary, other than those that are originated with the intent to be sold immediately or in the short-term, which are recorded as trading securities. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost, which includes transaction costs, and subsequently remeasured at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in stockholders' equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in stockholders' equity are transferred to the statement of operations.

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

All purchases and sales of investment securities are recognised at trade date.

Unquoted securities are recorded initially at cost. They are subsequently measured at fair value.

Investments in subsidiaries are stated in the company's financial statements at fair value, which is determined on the basis of the net assets of the companies.

(ii) Investment property
Property held for long-term rental yields that is not occupied by the companies within the group is classified as investment property.

Investment properties comprises freehold land and building and is carried at fair value, representing open market value determined annually by external valuers.

Changes in fair values are recorded in the statement of operations.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassifications becomes a cost for subsequent accounting purposes.

(iii) Repurchase agreements

Securities purchased under agreements to resell (repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(f) Cash and cash equivalents
For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances, deposits held on call with banks, bank overdraft balances and certain short term investments which mature within ninety days from the dates of acquisition.

(g) Property, plant and equipment
Freehold land and buildings owned and used by the group are treated as owner-occupied properties. These properties are stated at their fair values based on valuations by external valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amounts arising from the revaluation of owner-occupied properties and furniture and equipment are included in the investment and fair value reserves. Decreases that offset previous increases of the same asset are charged against the investment and fair value reserves. All other reductions are taken directly to the statement of operations.

Depreciation is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates are as follows:

Freehold buildings	2.5%
Leasehold improvements	Period of lease, not to exceed ten years
Computer equipment and software	20 - 33 1/3%
Furniture	10%
Other equipment	15%
Motor vehicles	20%
Leased assets	Shorter of period of lease or useful life of asset

Land is not depreciated.

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the statement of operations when the expenditure is incurred. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

(h) Goodwill
Goodwill arising on the acquisition of subsidiaries and insurance portfolios are calculated as the amount by which the consideration paid and other related expenses exceed the fair value of the net identifiable assets acquired. Goodwill is amortised on the straight-line basis over its remaining useful life for a period not exceeding fifteen years from the date of acquisition.

At each balance sheet date the group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

An excess of the identifiable net assets acquired over the acquisition cost is treated as negative goodwill. Negative goodwill related to expected post acquisition losses is taken to income during the period the future losses are recognised. Negative goodwill which does not relate to expected future losses and expenses is recognised as income immediately.

(i) Taxation
Taxation expense in the statement of operations comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in the statement of operations except, where they relate to items recorded in stockholders' equity, they are also charged or credited to stockholders' equity.

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

(j) Segregated funds
The group manages a number of segregated funds on behalf of policyholders. The investment returns on these utilised funds accrue directly to the policyholders with the group assuming no risk. Consequently, these funds are segregated and presented separately from the general fund of the group. Income earned from fund management fees is included in other income in the consolidated statement of operations. Investments held in segregated funds are carried at their fair values. Unit values are determined by dividing the value of the assets in the Funds on a valuation date by the number of units in the Funds on the valuation date.

(k) Special investment reserve
Unrealised gains on investment properties are recorded in the statement of operations under IFRS. Regulatory reserve requirements are met through the following:

(i) Net unrealised gains brought forward at the beginning of each year are transferred from the special investment reserve to retained earnings at 10%.

(ii) Net unrealised gains earned during the year are transferred from retained earnings to the special investment reserve at 90%.

(l) Transfers to retained earnings
Unrealised gain on quoted equities is recorded in the investment and fair value reserves under IFRS. Regulatory reserve requirements are met by transferring the following:

(i) Net unrealised gains brought forward at the beginning of each year are transferred from the investment and fair value reserves to retained earnings at 25%.

(ii) Net unrealised gains earned during the year are transferred from the investment and fair value reserves to the retained earnings at 25%.

(m) Policyholders' funds

(i) Policyholders' liabilities

The policy reserves have been calculated using the Policy Premium Method (PPM) of valuation. Under this method, explicit allowance is made for all future benefits and expenses under the policies and expected earned investment income. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves.

The process of calculating policy reserves necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates.

An actuarial valuation is prepared at least annually. Changes in the policyholders' liabilities are recorded in the statement of operations.

(ii) Policyholders' benefits

Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified.

(iii) Deposit administration funds

Deposit administration funds are managed by the company but are not legally separated from the general operations. The assets and liabilities of these funds are included in these financial statements. The company earns administration and investment fees on the management of these funds.

(n) Employee benefits

(i) Pension obligations

The company and its subsidiaries operate a number of defined benefit and defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of qualified actuaries.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged to the statement of operations so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year in accordance with IAS 19. The pension obligation is measured at the present value of the estimated future cash outflows using estimated discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

A portion of actuarial gains and losses is recognised in the statement of operations if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the statement of operations over the average remaining service lives of the participating employees.

Contributions to defined contribution plans are charged to the statement of operations in the period to which they relate.

(ii) Other post-retirement obligations

The group also provides supplementary health, dental and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by qualified actuaries.

(iii) Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(iv) Equity compensation benefits

Employees, agents and sales managers of the company are eligible to purchase shares in the company under a share purchase plan. In addition share options are granted to management as part of a performance incentive scheme.

Under the share purchase plan, stock units are offered to eligible staff members each year at a discount of 25% of the last sale price on the trading date prior to any offer being made.

Under the performance incentive scheme, options are granted at a 25% discount of the last sale price on the trading day prior to the grant date and are exercisable at that price. Options are exercisable beginning one year from the date of grant and have a contractual option term of five years. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium. The group does not make a charge to staff costs in connection with share options.

(v) Profit sharing and bonus plan

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the companies' shareholders. The group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

(vi) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the balance sheet date are discounted to present value.

(o) Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Premium income
Gross premiums for traditional life and health insurance contracts are recognised as revenue when due. Revenue for universal life products and annuity contributions are recognised when received. When premiums are recognised, the related actuarial liabilities are computed, resulting in benefits and expenses being matched with revenue.

Property and casualty insurance premiums are recognised on a pro-rated basis over the period of the respective policies. Unearned premiums are the proportion of net premiums written in the current year which relate to cover provided in the following year.

Where collection of premium is considered doubtful, or payment is outstanding for more than 90 days, the insurance regulations stipulate that the outstanding premium should be provided for in full. IFRS requires that when premiums become doubtful of collection, they are written down to their recoverable amounts and thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. However, such amounts as would have been determined under IFRS are considered to be immaterial.

(q) Reinsurance ceded
The group cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from large exposures. Reinsurance does not relieve the originating insurer of its liability. Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses, ceded unearned premiums, ceded future life policy benefits and funds held under reinsurance treaties. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance is recorded gross in the balance sheet unless the right of set-off exists.

(r) Interest income and expense
Interest income and expense are recognised in the statement of operations for all

interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount or premium on treasury bills and other discounted instruments. When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Amounts received or paid under contracts with principally financial risk are recorded directly to the balance sheet as an adjustment to policyholders' funds on deposit. The interest credited to these funds is recorded as an interest expense.

(s) Fee and commission income

Fee and commission income is recognised on an accrual basis. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(t) Claims

Claims payable represent the gross cost of all claims notified but not settled on the balance sheet date. Any reinsurance recoverable is shown as a receivable from the reinsurer.

Death claims are recorded in the statement of operations net of reinsurance recoverable.

(u) Prepaid commissions

Prepaid commissions are expensed in the year incurred. Should the policies be lapsed during that period, the amounts are recovered from agents. Commissions recovered on lapsed policies are included in the statement of operations.

(v) Leases

(i) As lessee

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the statement of operations over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of operations on a straight-line basis over the period of the lease.

(ii) As lessor
When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term.

(w) Fiduciary activities
Assets and income arising thereon together with related undertakings to return such assets to customers are excluded from these financial statements where the company or its subsidiaries act in a fiduciary capacity such as nominee, trustee or agent.

(x) Dividends
Dividends are recorded as a deduction from stockholders' equity in the period in which they have been approved.

(y) Segment reporting
Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components in other economic environments.

(z) Comparative information
Where necessary, comparative figures have been reclassified to conform with changes in the presentation in the current year.

3. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the Actuary. Her responsibility is to carry out an annual valuation of the company's policy liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the company and the insurance policies in force.

The shareholders pursuant to the Companies Act, 1965 appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and her report on the policy liabilities.

4. Segmental Financial Information

The group is managed on a matrix basis, reflecting both line of business and geography. Accordingly, segment information is presented in two formats. The group is organised into three primary business segments:

(a) Individual Life Services - This incorporates provision of life insurance services to individuals.

(b) Group Services - This includes group and creditor life, personal accident, annuities, investments management services, pension fund management and the administration of trust accounts.

(c) Other Services - This comprises property management and general insurance services.

	2004				
	Individual Life Services	**Group Services**	**Other**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**

External revenues	3,543,642	3,353,311	153,155	-	7,050,108
Revenue from other segments	18,984	-	-	(18,984)	-
Total revenues	3,562,626	3,353,311	153,155	(18,984)	7,050,108
Benefits and expenses	(2,558,822)	(2,581,940)	(237,379)	18,984	(5,359,157)
Profit/(loss) before tax	1,003,804	771,371	(84,224)	-	1,690,951
Income tax expense	(100,555)	(156,201)	(405)	-	(257,161)
Net profit/(loss)	903,249	615,170	(84,629)	-	1,433,790
Segment assets	16,217,735	4,537,265	163,100	(1,315,282)	19,602,818
Investments in associates					4,099
Goodwill					1,020,640
					20,627,557
Segment liabilities	9,882,747	4,079,266	109,722	(90,477)	13,981,258
Retirement benefit obligations					263,714
					14,244,972
Capital expenditure	92,289	18,902	1,407	-	112,598
Depreciation	51,203	8,672	2,529	-	62,404

2003

	Individual Life Services $'000	Group Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	3,080,044	2,450,372	73,079	-	5,603,495
Revenue from other segments	85,306	-		(85,036)	-
Total revenues	3,165,350	2,450,372	73,079	(85,306)	5,603,495
Operating expense	(2,295,958)	(2,028,349)	(68,026)	85,306	(4,307,027)
Profit before taxation	869,392	422,023	5,053	-	1,296,468

Income tax expense	(48,258)	(38,382)	(1,145)	-	(87,785)
Net profit	821,134	383,641	3,908	-	1,208,683
Segment assets	12,556,695	3,839,111	177,330	(1,002,772)	15,570,364
Investments in associates					4,099
Goodwill					788,890
					16,363,353
Segment liabilities	8,563,684	3,606,892	118,207	(70,718)	12,218,065
Retirement benefit obligations					305,140
					12,523,205
Capital expenditure	98,669	90,285	14,909	-	203,863
Depreciation	39,386	33,879	3,896	-	77,161

The group's secondary format for segment information is geographic:

	Jamaica $'000	**2004 Grand Cayman $'000**	**Total $'000**
Revenue	6,545,667	504,441	7,050,108
Total assets	17,505,476	3,122,081	20,627,557
		2003	
Revenue	5,257,612	345,883	5,603,495
Total assets	13,999,807	2,363,546	16,363,353

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5. Securities

The Group
Remaining Term to Maturity

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Carrying Value 2004 $'000	Carrying Value 2003 $'000
Available-for-sale-						
Government of Jamaica	20,618	22,599	32,033	2,504,478	2,579,728	2,786,057
Foreign governments	-	-	46,087	149,044	195,131	234,619
Other	-	335	-	18,573	18,908	86,676
	20,618	22,934	78,120	2,672,095	2,793,767	3,107,352
Quoted shares					1,667,700	707,293
Unit trusts					325,128	46,298
Unquoted shares					126	11,533
Other					25	-
					4,786,746	3,872,476
					==========	==========
Originated loans -						
Government of Jamaica	14,426	209,876	910,708	2,432,610	3,567,620	2,959,048
Mortgage loans	279	270	7,820	1,122,052	1,130,421	644,953
Promissory notes	296,978	-	-	68,000	364,978	290,018
Corporate debentures	367	-	-	212	579	686
Term deposits	-	-	6,944	-	6,944	74,887
	312,050	210,146	925,472	3,622,874	5,070,542	3,969,592
Policy loans					597,212	515,235
					5,667,754	4,484,827
					==========	==========

The Company
Remaining Term to Maturity

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Carrying Value 2004 $'000	Carrying Value 2003 $'000

Available-for-sale -						
Government of Jamaica	20,618	22,599	12,923	1,382,165	1,438,305	2,043,737
Quoted equities					1,425,047	231,014
Unit trusts					325,128	46,297
Unquoted equities					126	11,533
Other					25	-
					3,188,631	2,332,581
					==========	==========
Originated loans -						
Government of Jamaica	14,426	209,876	910,708	2,432,501	3,567,511	2,959,049
Mortgage loans	279	270	7,820	1,035,722	1,044,091	638,908
Promissory notes	296,978	-	-	68,000	364,978	290,018
Corporate debentures	367	-	-	212	579	686
Term deposits	-	-	-	4,149	4,149	6,098
Other	-	1,761	901	-	2,662	2,670
	312,050	211,907	919,429	3,540,584	4,983,970	3,897,429
Policy loans					307,085	287,151
					5,291,055	4,184,580
					==========	==========

(a) Included in investments are Government of Jamaica Local Registered Stocks valued at $9,500,000 (2003 - $40,000,000) which have been pledged as security for overdraft facilities with the National Commercial Bank Jamaica Limited and The Bank of Nova Scotia Jamaica Limited.

(b) Included in investments are Government of Jamaica Local Registered Stocks valued at $182,000,000 (2003 - $180,000,000) which have been pledged with the Regulator, the Financial Services Commission, pursuant to Section 8 of the Insurance Regulations, 2001.

(c) Included in investments are term deposits valued at EC$200,000 (2003 - EC$200,000) which have been pledged by one of the company's subsidiaries, Sagicor Life of the Cayman Islands Limited with the Government of Antigua, pursuant to Section 6 (a) of the said country's Insurance Act, 1967.

(d) Included in investments are term deposits valued at US$750,000 which have been pledged by one of the company's subsidiaries, Sagicor Life of the Cayman Islands Limited with the regulators in the Cayman Island.

Gross gains/(losses) realised on sales or maturities of available-for-sale investment securities were as follows:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Gross gains/(losses)	307,834	(16,051)	286,093	(8,834)

Included in investment securities are the following amounts which are regarded as cash equivalents for the purposes of the statement of cash flows:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Debt securities with an original maturity of less than 90 days (Note 8)	35,044	135,763	35,044	82,092

6. Government Securities Purchased under Resale Agreements

The group and the company entered into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligation. These securities mature within three months.

7. Investment Properties

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	360,234	257,458	188,956	111,611
Assumed on acquisition:				
Capital Life Insurance Company Limited (Note 46)	43,875	-	-	-
Island Life Insurance Company Limited	-	-	-	160,995
Acquired during the year	182,839	100,845	182,839	100,845
Disposed during the year	(32,000)	(34,500)	(32,000)	(34,500)
Transferred to property, plant and				

	The Group		The Company	
equipment due to IAS 40	-	-	-	(160,995)
Exchange differences	3,611	25,431	-	-
Fair value gains	27,221	11,000	42,276	11,000
At end of year	585,780	360,234	382,071	188,956

Rental income and repairs and maintenance expenditure in relation to investment properties are as follows:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Rental income	13,610	13,010	4,376	4,136
Repairs and maintenance	(9,852)	(7,776)	(3,737)	(3,832)

The properties were valued at current market value as at 31 December 2004 by Allison Pitter and Company Limited, Deloitte & Touche Property Management (Grand Cayman), Easton Douglas & Company Limited, D.C. Tavares Realty Limited and Clinton Cunningham & Associates, qualified property appraisers and valuers.

8. Cash and Cash Equivalents

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Balances with banks payable on demand	334,005	96,456	206,621	44,252
Cash in hand	547	80	112	87
	334,552	96,536	206,733	44,339
Short term deposits	63,123	35,283	22,247	1,523
Investment securities	35,044	135,763	35,044	82,092
Less: Bank overdraft (Note 27)	(154,943)	(90,429)	(135,331)	(86,688)
	277,776	177,153	128,693	41,266

9. Investment in Subsidiaries

	2004	**2003**
	$'000	**$'000**
Sagicor Life of the Cayman Islands Limited	1,460,355	1,188,713
LOJ Property Management Limited	(10,600)	(14,376)

Sagicor Re Insurance Limited	7,278	10,039
LOJ Pooled Investment Fund Limited	1	1
	1,457,034	1,184,377

This represents LOJ's share of equity, net of dividends paid from post-acquisition profits.

10. Investment in Associated Companies

(a) Name of Companies	Principal Activity	Equity Capital held by Company
St. Andrew Developers Limited	Real estate development (dormant)	33 1/3%
Lested Development Limited	Operation of a child care centre (dormant)	35%

Both companies are incorporated and resident in Jamaica.

(b) The investment in associated companies is represented as follows:

	The Group and The Company	
	2004 $'000	2003 $'000
Shares, at cost	2	2
Share of post acquisition reserves	(2,501)	(2,501)
Loans and current accounts	6,598	6,598
	4,099	4,099

11. Property, Plant and Equipment

		The Group				
	Note	Leasehold Buildings & Improvements $'000	Freehold Land & Buildings $'000	Furniture & Equipment $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -						
At 1 January 2004		10,446	231,201	1,005,682	40,801	1,288,130

Cost of acquired assets	46	-	-	465	-	465
Revaluation adjustment		-	52,505	8,228	-	60,733
Additions		23,603	-	85,370	3,625	112,598
Disposals		(876)	(59,206)	(752,362)	(5,188)	(817,632)
Translation adjustment		-	-	234	-	234
At 31 December 2004		33,173	224,500	347,617	39,238	644,528
Depreciation -						
At 1 January 2004		2,128	12,589	801,867	13,754	830,338
Depreciation of acquired assets	46	-	-	355	-	355
Revaluation adjustment		-	(11,869)	-	-	(11,869)
Charge for the year		2,373	5,878	46,427	7,726	62,404
Relieved on disposals		(1,029)	(2,224)	(746,184)	(4,789)	(754,226)
Translation adjustment		-	-	215	-	215
At 31 December 2004		3,472	4,374	102,680	16,691	127,217
Net Book Value -						
31 December 2004		29,701	220,126	244,937	22,547	517,311
31 December 2003		8,318	218,612	203,815	27,047	457,792

The Company

	Leasehold Buildings $'000	Freehold Land & Buildings $'000	Furniture & Equipment $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -					
At 1 January 2004	8,861	231,201	975,087	34,976	1,250,125
Revaluation adjustment	-	52,505	8,229	-	60,734
Additions	23,331	-	83,348	3,625	110,304
Disposals	-	(59,206)	(733,409)	(4,394)	(797,009)
31 December 2004	32,192	224,500	333,255	34,207	624,154
Depreciation -					
At 1 January 2004	787	12,589	773,644	11,571	798,591
Revaluation adjustment	-	(11,869)	-	-	(11,869)
Charge for the year	2,276	5,878	44,278	6,720	59,152
Relieved on disposals	-	(2,223)	(726,607)	(4,079)	(732,909)

31 December 2004	3,063	4,375	91,315	14,212	112,965
Net Book Value -					
31 December 2004	29,129	220,125	241,940	19,995	511,189
31 December 2003	8,074	218,612	201,443	23,405	451,534

In accordance with the group's policy, certain owner-occupied properties, furniture and equipment were independently revalued during 2004 by professional real estate valuers. The excess of the revaluation over the carrying value of the freehold land and buildings and furniture and equipment on such date, amounting to $72,602,000 (2003 - $12,000,000), has been credited to investment and fair value reserves (Note 20).

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Opening net book value	788,890	830,410	788,890	830,410
Acquisition of insurance portfolio (Note 46)	302,949	-	-	-
Exchange adjustment	4,686	-	-	-
Amortised during the year	(75,885)	(41,520)	(55,361)	(41,520)
	1,020,640	788,890	733,529	788,890
Goodwill arising on acquisitions	1,138,045	830,410	830,410	830,410
Accumulated amortisation	(117,405)	(41,520)	(96,881)	(41,520)
Net book amount	1,020,640	788,890	733,529	788,890

Goodwill represents premium on the acquisition of Island Life Insurance Company Limited in 2003 and individual and group life business of Capital Life Insurance Company Limited during the year. Goodwill is to be amortised over a period of fifteen (15) years, which is estimated to be the acquired economic useful life.

13. Deferred Income Taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal rate of:

(a) 15% (2003 - 7 1/2%) for the company; and
(b) 33 1/3% for LOJ Property Management Limited.

The subsidiaries incorporated in Grand Cayman operate under a zero tax regime.

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Balance as at 1 January	**28,701**	**32,247**	**26,275**	**28,058**
Assumed on amalgamation of Island Life Insurance Company Limited	-	2,765	-	(4,667)
Credited/(charged) to statement of operations (Note 39)	18,875	(6,311)	18,356	2,884
Balance as at 31 December	47,576	28,701	44,631	26,275

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Decelerated tax depreciation	880	7,340	-	6,465
Pensions and other post-retirement benefits	37,984	24,209	36,903	23,059
Tax losses unused	984	-	-	-
Other	15,617	2,119	15,617	2,119
	55,465	33,668	52,520	31,643
Deferred income tax liabilities -				
Accelerated tax depreciation	5,635	3,152	5,635	3,152
Interest receivable	-	1,815	-	1,815
Other	2,254	-	2,254	401
	7,889	4,967	7,889	5,368
Deferred income taxes	47,576	28,701	44,631	26,275

These balances include the following:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Deferred tax assets to be settled after more than 12 months	37,984	28,246	36,903	26,180
Deferred tax liabilities to be recovered after more than 12 months	4,027	1,734	4,027	5,463

The deferred tax (credited)/charged in the statement of operations comprises the following temporary differences:

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	15,705	(2,706)	15,710	(6,025)
Interest receivable	(24,188)	3,471	(24,188)	(3,471)
Pensions and other post - retirement benefits	(13,775)	2,216	(13,844)	1,263
Tax losses	(984)	2,356	-	-
Other	4,367	974	3,966	5,349
	(18,875)	6,311	(18,356)	(2,884)

Deferred income taxes liabilities have not been provided for withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled $484,727,000 (2003 - $297,151,000).

14. Other Assets

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Broker receivables	201,632	1,898	88,232	280
Current account with First Life Insurance Company Limited	101,446	112,386	101,446	112,386
Interest receivable	212,784	262,686	171,509	222,166
Premiums due and unpaid	266,251	118,341	239,412	110,111

Prepaid commissions	155,158	112,114	155,158	112,114
Reinsurance recoverable	89,516	47,023	86,382	12,224
Related party balances	33,160	114,905	102,243	200,417
Other receivables	335,158	280,426	171,673	166,495
	1,395,105	1,049,779	1,116,055	936,193

15. Due from Parent and Ultimate Parent Company

This represents amounts due from parent company and ultimate parent company, in the normal course of business.

16. Segregated Funds

(a) The group and the company manage accounts totalling approximately $5,096,916,000 (2003 - $4,380,130,000) and $4,946,461,000 (2003 - $4,249,335,000) respectively on behalf of certain life insurance policyholders under the Balanced Fund, LOJ Equity Fund, LOJ Fixed Income Fund, in addition to the Capital Growth Fund and Investor Growth Fund. The assets are the property of the policyholders who share all rewards and risks of the performance of the Funds.

(b) Assets of the Segregated Funds

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Government securities	2,554,026	2,438,539	2,497,345	2,387,851
Quoted equities	908,764	521,715	870,849	443,779
Investment properties	726,530	646,172	726,530	646,172
Government securities purchased under resale agreements and short-term loans	214,619	265,982	214,619	265,982
Unit trusts	287,048	157,599	287,048	157,599
Corporate debentures	50,057	-	-	-
Other assets	355,872	350,123	350,070	347,952
	5,096,916	4,380,130	4,946,461	4,249,335

(c) Income by Type on Segregated Funds' Investments

	The Group		**The Company**	

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Government securities	477,067	498,897	471,106	492,440
Quoted equities	317,852	29,350	305,992	19,402
Investment properties	136,909	28,803	136,909	28,803
Government securities purchased under resale agreements and short-term loans	37,350	101,447	37,350	101,447
Unit trusts	148,942	24,736	148,942	24,736
Corporate debentures	142	-	-	-
	1,118,262	683,233	1,100,299	666,828

17. Related Party Balances and Transactions

Related parties include the Pooled Investment Funds and the segregated funds managed by the group.

Related companies include ultimate parent company, parent company and fellow subsidiaries.

(a) The balance sheet includes the following balances with related parties and companies:

	The Group		The Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Current account - related companies	(18,566)	169,271	31,588	119,306
Current account - related parties	(2,139)	9,421	(2,139)	111,166

(b) The statement of operations includes the following transactions with related parties and companies:

	The Group		The Company	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Related parties -				
Administration fees	85,557	80,464	85,557	80,464
Management fee income	315,450	232,326	315,450	232,326
Premium income	-	-	8,471	5,266

Rent expense	(51,514)	(55,077)	(51,514)	(55,077)
Related companies -				
Interest income	10,030	10,195	10,030	27,320
Lease rental	-	-	2,132	1,850
Management fee expense	(18,425)	(6,000)	(18,435)	(6,000)
Management fee income	-	-	39,456	47,589
Shared services	100,000	100,000	100,000	100,000
Reinsurance costs	-	-	(3,038)	(10,728)
Other	-	-	7,471	10,270

18. Share Capital and Share Premium

	The Group and The Company 2004 $'000	The Group and The Company 2003 $'000
Authorised:		
13,598,340,000 (2003 - 13,598,340,000) Ordinary shares of $0.10 each	1,359,834	1,359,834
Issued and fully paid:		
2,543,690,000 (2003 - 2,520,897,000) Ordinary shares of $0. 10 each	254,369	252,089

Issued and fully paid:

	No. '000	**Share Capital $'000**	**Share Premium $'000**
At 31 December 2003	2,520,897	252,089	2,685,402
- Employee Share Purchase Plan	22,801	2,280	64,410
At 31 December 2004	2,543,698	254,369	2,749,812

During the year, 22,800,996 ordinary shares were issued at $2.925 per share to the share purchase plan.

19. Capital Reserve

This represents the capital redemption reserve fund arising on the redemption of preference shares.

20. Investment and Fair Value Reserves

This represents the unrealised surplus or deficit on the re-measurement of available-for-sale securities, the revaluation of owner-occupied properties, furniture and equipment and an adjustment for gains or losses on available-for-sale securities which have matured or have been disposed.

21. Currency Translation Reserve

This represents the unrealised foreign exchange gain or loss on the translation of the overseas subsidiaries, Sagicor Life of the Cayman Islands Limited and Sagicor Re Insurance Limited.

22. Special Investment Reserve

This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001 (Note 2(k)).

23. Dividends Declared

	The Group and The Company	
	2004	**2003**
	$'000	**$'000**
First interim dividends - 10 cents per share (2003 - 10 cents per share)	254,369	252,090
Second interim dividends - 6 cents per share (Note 27)	-	151,253
	254,369	403,343

24. Provision for Policyholders' Liabilities

(a) Composition by line of business is as follows:

The Group **The Company**

	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Group annuities	2,077,290	1,727,025	1,970,101	1,685,330
Group insurance	349,793	286,668	352,182	286,668
General insurance	21,706	-	-	-
Individual insurance	1,373,366	1,412,223	504,744	787,794
	3,822,155	3,425,916	2,827,027	2,759,792

(b) Provisions for future policyholders' liabilities:

The Group

	Group Annuities $'000	Individual Insurance $'000	Group Insurance $'000	General Insurance $'000	Total $'000
2004					
Balance at the beginning of the year	1,727,025	1,412,223	286,668	-	3,425,916
Assumed on acquisitions	53,346	301,794	808	-	355,948
Normal changes in policyholders' liabilities	295,331	(350,192)	62,320	21,601	29,060
Changes as a result of revaluation	1,588	9,541	(3)	105	11,231
Balance at end of year	2,077,290	1,373,366	349,793	21,706	3,822,155
2003					
Balance at the beginning of the year	1,048,940	1,276,562	250,724	-	2,576,226
Assumed on acquisition	192,586	353,399	10,644	-	556,629
Normal changes in policyholders' liabilities	482,004	(340,497)	25,300	-	166,807
Changes as a result of revaluation	3,495	122,759	-	-	126,254
	1,727,025	1,412,223	286,668	-	3,425,916

The Company

2004

Group	Individual	Group

	Annuities $'000	Insurance $'000	Insurance $'000	Total $'000
Balance at the beginning of the year	1,685,330	787,794	286,668	2,759,792
Life insurance portfolio assumed	-	3,223	-	3,223
Normal changes in policyholders' liabilities	284,770	(286,272)	65,514	64,012
	1,970,100	504,745	352,182	2,827,027
2003				
Balance at the beginning of the year	1,035,918	615,962	250,724	1,902,604
Assumed on amalgamation	249,084	601,527	9,845	860,456
Normal changes in policyholders' liabilities	400,328	(429,695)	26,099	(3,268)
	1,685,330	787,794	286,668	2,759,792

(c) Investment and other assets supporting policyholders' and other liabilities:

The Group
2004

	Insurance $'000	Pensions and Annuities $'000	General Insurance $'000	Other Liabilities $'000	Capital and Surplus $'000	Total $'000
Quoted securities	-	-	-	-	1,992,828	1,992,828
Investment properties	-	-	-	-	585,780	585,780
Securities	2,878,631	3,235,195	21,706	45,212	1,326,450	7,507,194
Mortgages	713,618	270,327	-	-	146,476	1,130,421
Other assets	594,610	-	-	2,160,118	1,541,278	4,296,006
	4,186,859	3,505,522	21,706	2,205,330	5,592,812	15,512,229
2003						
Quoted securities	166,479	-	-		587,113	753,592
Investment properties	-	-	-	-	360,235	360,235

Securities	2,139,311	2,927,330	-	-	1,923,450	6,990,091
Mortgages	441,906	91,605	-	-	132,729	666,240
Other assets	526,768	35,309	-	1,163,843	1,494,980	3,220,900
	3,274,464	3,054,244	-	1,163,843	4,498,507	11,991,058

The Company

2004

	Insurance $'000	Pensions and Annuities $'000	Other Liabilities $'000	Capital and Surplus $'000	Total $'000
Quoted securities	-	-	-	1,750,175	1,750,175
Investment properties	-	-	-	382,071	382,071
Securities	1,873,260	3,046,052	45,212	1,143,829	6,108,353
Mortgages	713,618	264,383	-	66,090	1,044,091
Other assets	307,085	-	1,623,013	2,708,513	4,638,611
	2,893,963	3,310,435	1,668,225	6,050,678	13,923,301

2003

	Insurance $'000	Pensions and Annuities $'000	Other Liabilities $'000	Capital and Surplus $'000	Total $'000
Quoted securities	166,479	-	-	110,832	277,311
Investment properties	-	-	-	188,958	188,958
Securities	1,503,846	2,845,740	-	1,470,082	5,819,668
Mortgages	441,906	91,605	-	126,684	660,195
Other assets	298,684	35,309	1,015,285	2,617,795	3,967,073
	2,410,915	2,972,654	1,015,285	4,514,351	10,913,205

(d) Changes in policy liabilities were caused by the following business activities and changes in actuarial assumptions:

The Group

2004

	Annuities $'000	Group Insurance $'000	Individual Insurance $'000	General Insurance $'000	Total $'000
Change in assumed investment yields and inflation rate	(195,032)	-	(7,622)	-	(202,654)

Foreign currency translation	1,588	(3)	14,903	105	16,593
Change due to the issuance of new policies and decrements on inforce policies	525,865	62,320	21,326	21,601	631,112
Change due to other actuarial assumptions	(35,502)	-	(363,896)	-	(399,398)
	296,919	62,317	(335,289)	21,706	45,653
			2003		
Change in assumed investment yields and inflation rate	67,962	-	(367,022)	-	(299,060)
Foreign currency translation	3,495	-	122,759	-	126,254
Change due to the issuance of new policies and the decrements on inforce policies	200,710	25,300	118,222	-	344,232
Change due to other actuarial assumptions	213,332	-	(91,697)	-	121,635
	485,499	25,300	(217,738)	-	293,061

The Company

2004

	Annuities $'000	Group Insurance $'000	Individual Insurance $'000	Total $'000
Change in assumed investment yields and inflation rate	(191,818)	-	(11,630)	(203,448)
Change due to the issuance of new policies and decrements on inforce policies	516,422	65,514	(49,775)	532,161
Change due to other actuarial assumptions	(39,835)	-	(224,866)	(264,701)
	284,769	65,514	(286,271)	64,012
		2003		
Decrease in assumed investment yields and inflation rate	58,439	-	(228,296)	(169,857)
Change due to the issuance of new policies and				

the decrements on inforce policies	146,860	26,099	(123,859)	49,100
Change due to other actuarial assumptions	195,029	-	(77,540)	117,489
	400,328	26,099	(429,695)	(3,268)

(e) Policy Assumptions

Policy liabilities have two major assumptions, best estimate assumptions and provisions for adverse deviation assumptions.

(i) Best estimate assumptions:
Assumptions cover the lifetime of the policies and are made for many variables including mortality, morbidity, investment yields, rates of policy termination, operating expenses and certain taxes.

Mortality and morbidity
The assumptions are based on past emerging group and industry experience. Assumptions vary by sex, underwriting class and type of policy.

Investment yields
The group broadly matches assets and liabilities by line of business. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the group's investment policy to determine expected rates of return on these assets for all future years. Investment yields include expected future asset defaults.

Policy terminations
Lapses relate to termination of policies due to non payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the group's own experience adjusted for expected future conditions.

Policy expenses
Policy maintenance expenses are derived from the group's own internal cost studies projected into the future with an allowance for inflation.

(ii) Provision for adverse deviation assumptions:
The basic assumptions made in establishing policy liabilities are best estimates

for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The group uses assumptions at the conservative end of the range, taking into account the risk profiles of the business.

25. Deposit Administration Funds

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	1,441,379	546,036	1,348,760	481,241
Pension funds assumed on acquisition	23,372	732,081	-	732,081
Deposits received	140,941	144,782	138,835	140,193
Interest earned	158,208	169,445	151,859	148,239
Service charges	(7,367)	(12,227)	(7,367)	(6,185)
Transfers to Pooled Investment Fund	(181,914)	(1,997)	(181,914)	(1,997)
Withdrawals made	(187,503)	(149,705)	(172,043)	(144,812)
Revaluation adjustment	1,948	12,964	-	-
	1,389,064	1,441,379	1,278,130	1,348,760

These represent funds managed on behalf of pension plans administered by the group and the company. Interest credited to the funds is paid at a fixed annual rate of return, with the rate being revised on an annual basis. At the end of the year, there were 126 (2003 - 127) clients. The average interest rate paid during the year was 10% (2003 - 11.5%).

26. Retirement Benefit Obligations

The group operates two types of pension plans and these are described below:

(a) The group operates defined contributory plans for eligible sales agents and some administrative staff. There is also a contributory defined benefit plan for eligible administrative staff. The assets are held in a trust fund and are separate and apart from the assets of the company. The benefits for the staff are based on service and salary, whereas the benefits for agents are based on contributions and interest. The solvency level (the ratio of assets to past service liabilities) was 95% (2003 - 89%). The company is paying contributions at the level recommended in the latest actuarial valuation so that a solvency level of 100% can be attained over three years.

The plan is valued annually by qualified actuary and reviewed by an independent actuary. The latest actuarial valuation was done as at 31 December 2004.

(b) Sagicor Life of the Cayman Islands Limited participates in the Cayman Islands Chamber of Commerce Pension Plan. This plan is a money purchase contributory plan covering all the employees in the Cayman Islands. Contributions are vested immediately. The company contributes at a fixed rate of 7% of pensionable earnings.

Amounts recognised in the balance sheet:

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Pension scheme	105,520	183,190	107,016	182,148
Other post-retirement benefits	158,194	121,950	153,453	118,341
	263,714	305,140	260,469	300,489

(a) Pension Scheme

The amounts recognised in the balance sheet are determined as follows:

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	1,847,495	998,779	1,819,166	987,370
Fair value of plan assets	(1,945,090)	(1,169,983)	(1,915,265)	(1,140,334)
	(97,595)	(171,204)	(96,099)	(152,964)
Unrecognised actuarial gains	203,115	354,394	203,115	335,112
Liability in the balance sheet	105,520	183,190	107,016	182,148

The Pooled Investment Fund Limited, which manages the group's pension plan, has assets including property occupied by the group, with a market value of approximately $650,000,000 (2003 - $383,492,000).

The amounts recognised in the statement of operations are as follows:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	31,124	22,902	30,642	21,212
Interest cost	145,261	137,559	143,588	133,445
Expected return on plan assets	(130,111)	(113,454)	(127,046)	(110,634)
Net actuarial (gains)/losses recognised in year	(11,792)	217	(16,252)	-
Total, included in staff costs (Note 35)	34,482	47,224	30,932	44,023

The actual return on plan assets was $626,862,000 (2003 - $156,804,000).

Movement in the liability recognised in the balance sheet:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	183,190	223,963	182,148	220,742
Total expense - as above	34,482	47,224	30,932	44,023
Contributions paid	(112,153)	(87,997)	(106,064)	(82,617)
At 31 December	105,519	183,190	107,016	182,148

The principal actuarial assumptions used were as follows:

	The Group and The Company	
	2004	**2003**

Discount rate	12.5%	15%
Expected return on plan assets	12.5%	12%
Future salary increases	10%	10%
Future pension increases	3.5%	3.5%
Expected future remaining service life	======	=====

(b) Other post-retirement benefits

In addition to pension benefits, the company offers retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long-term increase in health costs of 10.5% per year (2003 - 10.5%).

The amounts recognised in the balance sheet are as follows:

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	170,038	191,629	165,956	187,043
Unrecognised actuarial losses	(11,844)	(69,679)	(12,503)	(68,702)
Liability in the balance sheet	158,194	121,950	153,453	118,341

The amounts recognised in the statement of operations are as follows:

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	10,845	7,650	10,464	7,607
Interest cost	28,990	15,265	28,275	14,805
Net actuarial losses recognised in year	3,854	385	3,818	371
Total included in staff costs (Note 35)	43,689	23,300	42,557	22,783

Movements in the amounts recognised in the balance sheet:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Liability at beginning of year	121,950	100,945	118,341	97,854
Total expense, as above	43,689	23,300	42,557	22,783
Contributions paid	(7,445)	(2,295)	(7,445)	(2,296)
Liability at end of year	158,194	121,950	153,453	118,341

27. Other Liabilities

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Accounts payable and accruals	403,132	247,447	226,978	186,560
Annuities payable	210	35,655	210	35,655
Bank overdraft	154,943	90,429	135,331	86,688
Benefits payable to policyholders	710,878	554,740	679,846	524,591
Dividends payable	-	151,253	-	151,253
Miscellaneous	236,874	202,337	216,049	194,425
Provisions: (Note 28)				
Accrued vacation	14,451	6,966	14,451	6,966
Bonus	78,991	59,583	78,991	59,583
	93,442	66,549	93,442	66,549
Premiums not applied	131,449	103,606	114,857	69,192
Reinsurance payable	82,144	135,779	50,397	120,149
	1,813,072	1,587,795	1,517,110	1,435,062

The bank overdraft balance represents mainly uncleared effects. The actual balance at the bank was positive at year end. The effective interest rate on the overdraft facilities was 60% (2003 - 65%). These overdraft facilities are secured (Note 5(a)).

28. Provisions

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**

At beginning of year	66,549	233,556	66,549	147,382
Provided during the year	93,442	60,854	93,442	60,854
Utilised during the year	(66,549)	(227,861)	(66,549)	(141,687)
At end of year	93,442	66,549	93,442	66,549
Comprising:				
Provision for 2003	-	66,549	-	66,549
Provision for 2004	93,442	-	93,442	-
	93,442	66,549	93,442	66,549

29. Due to Ultimate Parent Company

This represents amounts due to Sagicor Life Inc. in the normal course of business.

30. Net Premium Income

(a) Gross premiums by line of business:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Group insurance -				
Group creditor life	3,722	4,108	3,722	4,108
Group health	1,548,428	1,195,489	1,544,862	1,195,082
Group life	473,360	335,066	452,050	259,167
Other	103,896	99,712	103,896	97,406
	2,129,406	1,634,375	2,104,530	1,555,763
Individual life	2,845,705	2,139,541	2,498,888	1,415,122
Annuities and pensions	551,101	277,836	530,167	249,114
Property and casualty	86,463	49,281	-	-
	5,612,675	4,101,033	5,133,585	3,219,999

(b) Reinsurance premiums by line of business:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Group insurance -				

Group health	15,874	11,419	15,718	11,419
Group life	23,669	21,519	20,257	16,252
Other	30,971	18,277	30,970	18,277
	70,514	51,215	66,945	45,948
Individual life	260,332	173,142	164,047	105,360
Property and casualty	65,137	46,088	-	-
	395,983	270,445	230,992	151,308
Net Premiums	5,216,692	3,830,588	4,902,593	3,068,691

(c) Premiums by geography:

	The Group	
	2004	**2003**
	$'000	**$'000**
Jamaica	4,902,593	3,068,691
Grand Cayman	314,099	761,897
	5,216,692	3,830,588

31. Net Investment Income

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Interest income -				
Bank deposits	3,367	15,785	2,501	366
Corporate securities	61	73,611	61	34
Investment securities	884,411	742,098	759,288	518,742
Mortgage loans	109,411	43,936	101,950	42,268
Policy loans	100,465	65,434	70,317	32,080
Short term loans	66,456	46,931	66,456	63,153
	1,164,171	987,795	1,000,573	656,643
Dividends - ordinary shares	10,465	35,634	5,573	4,606
Net foreign exchange income	50,813	297,036	50,507	218,257
Net gains on investment securities	358,305	24,395	320,880	8,479
Other investment income	29,926	23,551	21,594	1,845
	1,613,680	1,368,411	1,399,127	889,830
Interest expense	(335,241)	(210,223)	(295,494)	(209,052)
	1,278,439	1,158,188	1,103,633	680,778

32. Net Fee and Commission Income

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Administration fees	384,169	308,132	388,346	315,404
Mortgage related fees	25,172	35,896	25,172	35,896
Other	77,416	45,883	13,558	45,883
	486,757	389,911	427,076	397,183

33. Net Gain on Disposal of Subsidiaries

This represented net gain deferred on the sale of two former subsidiaries, Atlantic Southern Insurance Company Limited (ASICO) and Global Bahamas Holdings Limited in 2001.

34. Co-Insurance Distribution

This represents the net distribution arising from the co-insurance agreement with First Life Insurance Company Limited for the year.

35. Salaries, Pension Contributions and Other Staff Benefits

(a) Employees

	The Group		The Company	
	2004	2003	2004	2003
	$'000	$'000	$'000	$'000
Wages and salaries	732,709	553,821	661,271	532,007
Payroll taxes	62,038	56,532	62,038	54,292
Pension costs (Note 26)	34,482	47,224	30,932	44,023
Other post retirement benefits (Note 26)	43,689	23,300	42,557	22,783
Other	10,287	16,616	6,557	8,824
	883,205	697,493	803,355	661,929

	The Group	The Company

	2004	2003	2004	2003
	No.	**No.**	**No.**	**No.**
Number of employees at year end -				
Full - time administrative	453	448	414	409
Part - time administrative	78	102	72	71
	531	550	486	480

(b) Contractors -sales agents

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Commissions and bonuses	1,008,124	726,699	964,828	600,969
	No.	**No.**	**No.**	**No.**
Number of insurance sales agents at year end	331	283	318	275

36. Restructuring Costs

This represented restructuring costs incurred in relation to the acquisition of Island Life Insurance Company Limited.

37. Results of Subsidiaries

	2004	2003
	$'000	**$'000**
Sagicor Life of the Cayman Islands Limited	175,692	280,114
Island Life Insurance Company Limited	-	36,173
LOJ Property Management Limited	3,776	393
Sagicor Re Insurance Limited	(2,920)	2,790
	176,548	319,470

38. Profit before Taxation

In arriving at the profit before taxation, the following items have been charged/ (credited) in the statement of operations:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Actuarial fees	5,755	8,604	5,755	8,604
Auditors' remuneration -				
Current year	15,887	15,418	10,718	9,577
Prior year	4,768	-	4,768	-
Depreciation	62,404	77,161	59,152	72,495
Directors' emoluments -				
Fees	510	930	510	580
For management (included in staff costs)	43,495	22,143	43,495	22,143
Gain on disposal of property, plant and equipment	(8,480)	(111)	(8,480)	(111)
Goodwill amortised	75,885	41,520	55,361	41,520
Repairs and maintenance expense	21,046	44,437	18,719	43,041
Salaries, pension contributions and other staff benefits (Note 35)				
Employees	883,205	697,493	803,355	661,929
Contractors	1,008,124	726,699	964,828	600,969

39. Taxation

(a) Income tax is computed on the profit for the year adjusted for tax purposes and is comprised of:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Current year taxation -				
Premium tax @ 3% (2003 - 1 1/2%):	120,091	50,445	120,091	41,392
Investment income tax @ 15% (2003 - 7 1/2%):	155,945	30,586	155,945	15,261
Income tax at 33 1/3%	-	443	-	-
	276,036	81,474	276,036	56,653
Deferred income tax (Note 13) -				
Deferred tax charge/(credit) relating to the origination and reversal of temporary differences	7,400	6,311	7,919	(2,884)

Deferred tax income resulting from increase in tax rate	(26,275)	-	(26,275)	-
	(18,875)	6,311	(18,356)	(2,884)
	257,161	87,785	257,680	53,769

(i) Premium tax charges for the group and the company include tax on deposits relating to the segregated funds totalling $944,675,000 (2003- $740,990,000) and $944,675,000 (2003 - $734,498,000) respectively. The income from these funds is not included in the financial statements of the company. The company recovers these charges through premium income charged to the funds for the provision of life insurance coverage.

(ii) Income tax at 33 1/3% is payable on income earned by LOJ Property Management Limited from the management of real estate properties.

(iii) Subject to the agreement of the Taxpayer Audit and Assessment Department, losses of one of the company's subsidiaries, LOJ Property Management Limited, available for set off against future taxable profits amount to approximately $2,951,000 (2003 - $Nil).

(b) Reconciliation of applicable tax charges to effective tax charge:

	The Group		**The Company**	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Premium tax -				
Gross premium income	5,612,675	4,101,033	5,133,585	3,219,999
Adjusted for:				
Tax at 3% (2003 - 1 1/2%)	168,380	61,515	154,008	48,300
Income not subject to tax	(82,533)	(29,760)	(68,161)	(23,619)
Amounts on deposit	-	4,883	-	3,595
Premium income relating segregated funds	28,340	11,115	28,340	11,017
Reinsurance premium not deductible	5,904	2,692	5,904	2,099
	120,091	50,445	120,091	41,392
Investment income tax -				
Gross investment income	1,164,171	987,795	1,000,573	656,643

Adjusted for:				
Tax at 15% (2003 - 7 1/2%)	174,626	74,085	150,086	49,248
Deductible expenses	(29,730)	(34,459)	(29,730)	(32,386)
Income not subject to tax	(57,670)	(22,804)	(33,130)	(20,164)
Expenses not deductible for tax purposes	67,497	11,023	67,497	9,641
Increase in opening deferred taxes resulting from increase in tax rate	(26,275)	-	(26,275)	-
Net effect of other charges and allowances	9,141	9,052	9,141	6,038
	137,589	36,897	137,589	12,377
Income tax at 33 1/3%	(519)	443	-	-
Income tax expense	257,161	87,785	257,680	53,769

40. Earnings Per Stock Unit

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2004	2003
Net profit attributable to shareholders ($'000)	1,433,790	1,208,683
Weighted average number of ordinary shares in issue ('000)	2,539,423	2,273,847
Basic earnings per share	$0.57	$0.53

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares under the following schemes:

(a) The group established an Employee Share Ownership Plan for which 2% of the company's authorised share capital has been allocated.

(b) Effective 1 May 2003, the group instituted a share based plan for executives. Shares amounting to 150,000,000 or 5% of the authorised share capital of $0.10 each, have been set aside for this plan.

2004	2003

Net profit attributable to shareholders ($'000)	1,433,790	1,208,683
Weighted average number of ordinary shares in issue ('000)	2,581,388	2,320,145
Fully diluted earnings per share	$0.56	$0.52
	==========	==========

41. Reinsurance Ceded

The group entered into reinsurance agreements with the following companies:

Swiss Re and Munich Re	Individual life policies
Swiss Re	Group life and personal accident
London Life Reinsurance Company	Group health

The retention limits or maximum exposure on insurance policies are as follows for the company and the group:

	2004 & 2003	
	Jamaican dollars	**United States dollars**
Individual life policies	$5,000,000	$100,000
Group life	$5,000,000	-
Group health	$1,000,000	$100,000

42. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques; such as obtaining indicative bids from a range of investment traders and using the average of those bids;

(b) the fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(c) the fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date; and

(d) the fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

The following tables present the fair value of financial instruments based on the above-mentioned valuation methods and assumptions. The following financial assets and financial liabilities are not carried at fair value.

Differences between the fair values and the carrying values are accounted for in determining the amount of policyholders' liabilities that must be set aside each year.

	The Group			
	Carrying Value 2004 $'000	**Fair Value 2004 $'000**	**Carrying Value 2003 4'000**	**Fair Value 2003 $'000**
Financial Assets				
Originated loans	5,667,754	6,842,168	4,484,827	4,025,424

The Company

Financial Assets				
Originated loans	5,291,055	6,465,578	4,184,580	3,725,171

43. Financial Risk Management

The group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, interest rates, and foreign currency exchange rates. The group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

(a) Interest rate risk

The group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The management sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The group and the company are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows. The following tables summarise carrying amounts of balance sheet assets, liabilities and equity in order to arrive at the group's and the company's interest rate gap based on earlier of contractual repricing or maturity dates.

Average effective yields by the earlier of the contractual repricing or maturity dates:

The Group
2004

	Immediately rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-interest bearing $'000	Total $'000
Assets							
Available-for-sale securities	-	59,846	22,906	78,121	2,632,894	1,992,979	4,786,746

Originated loans	296,978	577,464	217,695	419,276	3,559,129	597,212	5,667,754
Government securities purchased under resale agreements	-	710,476	-	-	-	-	710,476
Investment properties	-	-	-	-	-	585,780	585,780
Short term deposits	63,123	-	-	-	-	-	63,123
Investment in associates	-	-	-	-	-	4,099	4,099
Cash and bank	334,552	-	-	-	-	-	334,552
Property, plant & equipment	-	-	-	-	-	517,311	517,311
Goodwill	-	-	-	-	-	1,020,640	1,020,640
Deferred income taxes	-	-	-	-	-	47,576	47,576
Other assets	-	-	-	-	-	1,792,584	1,792,584
Segregated funds' assets	172,274	1,710,743	325,583	342,027	271,952	2,274,337	5,096,916
Total assets	866,927	3,058,529	566,184	839,424	6,463,975	8,832,518	20,627,557
Liabilities							
Policyholders' funds	265,314	576,507	266,168	20,408	5,187,852	371,499	6,687,748
Retirement benefit obligations	-	-	-	-	-	263,714	263,714
Other liabilities	154,944	-	-	-	-	2,041,650	2,196,594
Segregated funds' liabilities	172,274	1,710,743	325,583	342,027	2,546,289	-	5,096,916
Total liabilities	592,532	2,287,250	591,751	362,435	7,734,141	2,676,863	14,244,972
On balance sheet interest sensitivity gap	274,395	771,279	(25,567)	476,989	(1,270,166)	6,155,655	6,382,585
Cumulative interest sensitivity gap	274,395	1,045,674	1,020,107	1,497,096	226,930	6,382,585	
				2003			
Total assets	131,819	1,261,514	343,350	3,019,092	5,858,175	5,749,403	16,363,353
Total liabilities	6,500	1,500	8,000	7,136,504	3,043,620	2,327,081	12,523,205
On balance sheet interest sensitivity gap	125,319	1,260,014	335,350	(4,117,412)	2,814,555	3,422,322	3,840,148
Cumulative interest sensitivity gap	125,319	1,385,333	1,720,683	(2,396,729)	417,826	3,840,148	

The Company
2004

Immediately

	rate sensitive $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-interest bearing $'000	Total $'000
Assets							
Available-for-sale securities	-	20,618	22,599	12,923	1,382,165	1,750,326	3,188,631
Originated loans	298,978	574,464	210,145	420,152	3,480,231	307,085	5,291,055
Government securities purchased under resale agreements	-	710,476	-	-	-	-	710,476
Investment properties	-	-	-	-	-	382,071	382,071
Short term deposits	22,247	-	-	-	-	-	22,247
Investments in subsidiaries	-	-	-	-	-	1,457,034	1,457,034
Investment in associates	-	-	-	-	-	4,099	4,099
Cash and bank	206,733	-	-	-	-	-	206,733
Property, plant & equipment	-	-	-	-	-	511,189	511,189
Goodwill	-	-	-	-	-	733,529	733,529
Deferred income taxes	-	-	-	-	-	44,631	44,631
Other assets	-	-	-	-	-	1,361,554	1,361,554
Segregated funds' assets	172,274	1,710,743	235,559	325,374	271,535	2,230,976	4,946,461
Total assets	700,232	3,016,301	468,303	758,449	5,133,931	8,782,494	18,859,710
Liabilities							
Policyholders' funds	252,499	576,507	266,168	20,408	3,903,817	352,182	5,371,581
Retirement benefit obligations	-	-	-	-	-	260,469	260,469
Other liabilities	135,331	-	-	-	-	1,763,283	1,898,614
Segregated funds' liabilities	172,274	1,170,743	235,559	325,374	3,042,511	-	4,946,461
Total liabilities	560,104	1,747,250	501,727	345,782	6,946,328	2,375,934	12,477,125
On balance sheet interest sensitivity gap	140,128	1,269,051	(33,424)	412,667	(1,812,397)	6,406,560	6,382,585
Cumulative interest sensitivity gap	140,128	1,409,179	1,375,755	1,788,422	(23,975)	6,382,585	
				2003			
Total assets	127,954	986,394	320,030	3,026,023	4,801,019	5,900,894	15,162,314
Total liabilities	6,500	1,500	8,000	6,746,494	2,377,596	2,182,076	11,322,166
On balance sheet interest sensitivity gap	121,454	984,894	312,030	(3,720,471)	2,423,423	3,718,818	3,840,148
Cumulative interest sensitivity gap	121,454	1,106,348	1,418,378	(2,302,093)	121,330	3,840,148	

The table summaries the average effective yields by the earlier of the contractual re-pricing or maturity dates:

The Group and The Company

2004

	Immediately rate sensitive	**Within 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Weighted Average**
	%	%	%	%	%	%
Cash resources	3.00	-	-	-	-	3.00
Investments (1)	20.00	8.97	13.40	15.64	13.53	13.28
Mortgages (2)	18.00	18.00	24.52	19.89	12.39	12.43
Policy loans	17.56	17.56	17.56	17.56	17.56	17.56
Amounts on deposit	10.25	10.25	10.25	10.25	10.25	10.25
Bank overdraft	60.00	-	-	-	-	60.00

2003

	Immediately rate sensitive	**Within 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Weighted Average**
	%	%	%	%	%	%
Cash resources	3.50	-	-	-	-	3.50
Investments (1)	11.20	9.25	4.50	16.54	15.95	13.75
Mortgages (2)	18.30	18.3	18.3	18.3	18.3	18.3
Policy loans	17.53	17.53	17.53	17.53	17.53	17.53
Other liabilities	-	-	19.4	19.4	-	19.4
Amounts on deposit	12.75	12.75	12.75	12.75	12.75	12.75
Bank overdraft	65.00	-	-	-	-	65.00

(1) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts.

(2) Yields are based on book values, net of allowances for credit losses and contractual interest rates.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The group requires collateral for mortgages and other loans. It does not generally require collateral in respect of other financial assets, mainly premiums receivable. There is a credit policy in place to minimize exposure to credit risk. At the balance sheet date the only significant concentration of credit risk related to the group's investments in Government of Jamaica securities.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet and the consolidated balance sheet.

The following table summarises the credit exposure of the group to businesses and government by sectors in respect of investments:

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica	6,857,824	5,745,105	5,716,296	5,002,785
Foreign government	195,131	234,619	-	-
Financial institutions	414,707	208,547	352,127	53,081
United States Dollar equities	287,729	549,593	45,076	73,314
Corporate equities	1,380,097	169,233	1,380,097	169,233
Mortgages	1,130,421	644,953	1,044,091	638,908
Policy loans	597,212	515,235	307,082	287,151
Promissory notes	364,978	290,018	364,978	290,018
Other	-	-	2,662	2,671
	11,228,099	8,357,303	9,212,409	6,517,161

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(c) Liquidity risk
This is the risk that the group will have difficulty raising funds to meet commitments. Certain of the group's policies have features that allow them to be terminated at short notice creating a potential liquidity exposure. In the normal course of business, as far as is possible, the group matches the maturity of invested assets to the maturity of policy liabilities as far as possible.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the group. It is unusual for insurance companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The following tables analyse assets and liabilities of the group and the company into relevant maturity groupings based on the remaining period, at balance sheet date, to contractual maturity date.

	The Group 2004					
	Within 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**No specific maturity $'000**	**Total $'000**
Assets						
Available-for-sale securities	20,618	22,934	78,120	2,672,095	1,992,979	4,786,746
Originated loans	312,050	210,146	925,472	3,622,874	597,212	5,667,754
Government securities purchased under resale agreements	710,476	-	-	-	-	710,476
Investment properties	-	-	-	-	585,780	585,780
Short term deposits	63,123	-	-	-	-	63,123
Investments in associates	-	-	-	-	4,099	4,099
Cash and bank	334,552	-	-	-	-	334,552
Property, plant & equipment	-	-	-	-	517,311	517,311
Goodwill	-	-	-	1,020,640	-	1,020,640
Deferred income taxes	-	13,618	-	33,958	-	47,576
Other assets	1,159,331	587,141	46,112	-	-	1,792,584
Segregated funds' assets	1,133,284	1,191,159	444,971	405,160	1,922,342	5,096,916

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Total assets	3,733,434	2,024,998	1,494,675	7,754,727	5,619,723	20,627,557
Liabilities						
Policyholders' funds	814,025	266,168	20,408	5,587,147	-	6,687,748
Retirement benefit obligations	-	-	-	263,714	-	263,714
Other liabilities	1,074,151	272,170	850,273	-	-	2,196,594
Segregated funds' liabilities	235	84,312	810,588	4,201,781	-	5,096,916
Total liabilities	1,888,411	622,650	1,681,269	10,052,642	-	14,244,972
Net Liquidity Gap	1,845,023	1,402,348	(186,594)	(2,297,915)	5,619,723	6,382,585
Cumulative Liquidity Gap	1,845,023	3,247,371	3,060,777	762,862	6,382,585	

2003

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Total assets	2,283,301	948,784	3,105,468	8,035,788	1,990,012	16,363,353
Total liabilities	6,379,088	987,682	28,000	5,128,435	-	12,523,205
Net Liquidity Gap	(4,095,787)	(38,898)	3,077,468	2,907,353	1,990,012	3,840,148
Cumulative Liquidity Gap	(4,095,787)	(4,134,685)	(1,057,217)	1,850,136	3,840,148	

The Company

2004

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No specific maturity $'000	Total $'000
Assets						
Available-for-sale securities	20,618	22,599	12,923	1,382,164	1,750,327	3,188,631
Originated loans	312,050	211,907	919,429	3,540,587	307,082	5,291,055
Government securities purchased under resale agreements	710,476	-	-	-	-	710,476
Investment properties	-	-	-	-	382,071	382,071
Short term deposits	22,247	-	-	-	-	22,247
Investments in subsidiaries	-	-	-	-	1,457,034	1,457,034
Investments in associates	-	-	-	-	4,099	4,099
Cash and bank	206,733	-	-	-	-	206,733
Property, plant & equipment	-	-	-	-	511,189	511,189
Goodwill	-	-	-	733,529	-	733,529
Deferred income taxes	-	11,755	-	32,876	-	44,631
Other assets	779,172	577,144	5,238	-	-	1,361,554
Segregated funds' assets	1,127,483	1,191,159	444,971	298,839	1,884,009	4,946,461

Total assets	3,178,779	2,014,564	1,382,561	5,987,995	6,295,811	18,859,710
Liabilities						
Policyholders' funds	814,025	266,168	20,408	4,270,980	-	5,371,581
Retirement benefit obligations	-	-	-	260,469	-	260,469
Taxation payable	253,449	-	-	-	-	253,449
Other liabilities	846,693	798,472	-	-	-	1,645,165
Segregated funds' liabilities	235	84,312	810,588	4,051,326	-	4,946,461
Total liabilities	1,914,402	1,148,952	830,996	8,582,775	-	12,477,125
Net Liquidity Gap	1,264,377	865,612	551,565	(2,594,780)	6,295,811	6,382,585
Cumulative Liquidity Gap	1,264,377	2,129,989	2,681,554	86,774	6,382,585	

				2003		
Total assets	1,953,275	827,945	3,112,399	6,349,778	2,918,917	15,162,314
Total liabilities	6,042,957	886,168	28,000	4,365,041	-	11,322,166
Net Liquidity Gap	(4,089,682)	(58,223)	3,084,399	1,984,737	2,918,917	3,840,148
Cumulative Liquidity Gap	(4,089,682)	(4,147,905)	(1,063,506)	921,231	3,840,148	

(d) Market risk
Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company has significant exposure to market risk on its portfolio of investments which could fluctuate based on changes in market interest rates.

(e) Reinsurance risk
The group limits the loss on any one policy by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the group's liabilities as primary insurer. The group selects reinsurers with high credit ratings.

(f) Cash flow risk
Cash flow is the risk that future cash flows associated with a monetary financial instruments will fluctuate in amount.

The group manages this risk ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

(g) Currency risk
The group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The following tables summarise the exposure of the group and the company to foreign currency exchange rate risk. Included in the tables are the group's and the company's assets and liabilities at carrying amounts categorised by currency.

	2004			
	The Group			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Investments				
Available-for-sale	2,512,988	2,273,758	-	4,786,746
Originated loans	2,468,721	3,038,696	160,337	5,667,754
Government securities purchased under resale agreements	517,531	192,945	-	710,476
Investment properties	382,071	203,709	-	585,780
Short term deposits	25,417	37,706	-	63,123
Investment in associated companies	4,099	-	-	4,099
Cash and bank	49,843	284,230	479	334,552
Property, plant and equipment	515,590	1,721	-	517,311
Goodwill	733,529	287,111	-	1,020,640
Deferred income taxes	47,576	-	-	47,576
Other assets	1,265,371	320,510	11,171	1,597,052
Due from parent company	38,720	41,212	-	79,932
Due to ultimate parent company	7,973	107,627	-	115,600
Segregated funds' assets	4,281,986	806,302	8,628	5,096,916
Total assets	12,851,415	7,595,527	180,615	20,627,557
Liabilities				
Policyholders' funds				
Provision for policyholders' liabilities	2,606,998	1,215,157	-	3,822,155
Amounts on deposit	1,007,877	468,652	-	1,476,529
Deposit administration fund	1,278,130	110,934	-	1,389,064
Retirement benefit obligations	263,714	-	-	263,714
Taxation payable	254,373	-	-	254,373
Other liabilities	1,520,360	292,712	-	1,813,072

Due to ultimate parent company	128,055	1,094	-	129,149
Segregated funds' liabilities	4,946,461	150,455	-	5,096,916
Total liabilities	12,005,968	2,239,004	-	14,244,972
Net position	845,447	5,356,523	180,615	6,382,585

		2003		
Total assets	10,785,731	5,533,436	44,186	16,363,353
Total liabilities	11,144,914	1,378,291	-	12,523,205
Net position	(359,183)	4,155,145	44,186	3,840,148

		2004 **The Company**		
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Investments				
Available-for-sale	2,512,988	675,643	-	3,188,631
Originated loans	2,468,721	2,661,997	160,337	5,291,055
Government securities purchased under resale agreements	517,531	192,945	-	710,476
Investment properties	382,071	-	-	382,071
Short term deposits	22,247	-	-	22,247
Investments in subsidiaries	(10,599)	1,467,633	-	1,457,034
Investment in associated companies	4,099	-	-	4,099
Cash and bank	36,701	169,553	479	206,733
Property, plant and equipment	511,189	-	-	511,189
Goodwill	733,529	-	-	733,529
Deferred income taxes	44,631	-	-	44,631
Other assets	1,257,869	45,821	11,171	1,314,861
Due from parent company	38,720	-	-	38,720
Due to ultimate parent company	7,973	-	-	7,973
Segregated funds' assets	4,281,986	655,847	8,628	4,946,461
Total assets	12,809,656	5,869,439	180,615	18,859,710
Liabilities				
Policyholders' funds				
Provision for policyholders' liabilities	2,606,997	220,030	-	2,827,027

Amounts on deposit	1,007,877	258,547	-	1,266,424
Deposit administration fund	1,278,130	-	-	1,278,130
Retirement benefit obligations	260,469	-	-	260,469
Taxation payable	253,449	-	-	253,449
Other liabilities	1,517,110	-	-	1,517,110
Due to ultimate parent company	128,055	-	-	128,055
Segregated funds liabilities	4,946,461	-	-	4,946,461
Total liabilities	11,998,548	478,577	-	12,477,125
Net position	811,108	5,390,862	180,615	6,382,585

		2003		
Total assets	10,737,766	4,380,362	44,186	15,162,314
Total liabilities	11,071,603	250,563	-	11,322,166
Net position	(333,837)	4,129,799	44,186	3,840,148

44. Commitments

Approval for commitments to be incurred over the next year for which no provision has been made in these financial statements is as follows:

	2004	**2003**
	$'000	**$'000**
Undisbursed mortgage commitments	63,378	421,067
Undisbursed loan commitments	-	1,240
Capital expenditure	5,853	40,501
	69,231	462,808

45. Contingent Liabilities

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the group, and the amount can be reasonably estimated.

In respect of claims asserted against the group which, according to the principles outlined above have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the group which is immaterial to both financial position and results of operations.

Significant matters are as follows:

(a) In 2003, a former tenant filed suit against Life of Jamaica Limited (LOJ) for breach of contract and/or trespass and/or wrongful eviction in the sum of approximately $94 million plus interest and costs.

The particulars of damage include, inter alia, loss of revenue under contracts which it alleges were being negotiated with third parties plus loss of income from its operations when LOJ terminated its tenancy. A counter claim was made by LOJ for approximately $5 million plus US$26,771 for arrears of rent and insurance premiums. The claimant has acknowledged the liability for rental arrears.

No provision has been made in the financial statements as the company's attorneys are of the opinion that the suit against the company is unlikely to succeed.

(b) Suit was filed by Life of Jamaica Limited against the defendants for arrears of rental payments, management and servicing fees for the sum of approximately $2 million plus interest and costs.

In a counter claim filed by the defendant for the amount of approximately $32 million, it is being claimed that:

(i) the defendant was entitled to a cesser of rent and services fees for the period April 2001 and January to December 2003 when the premises were affected by flooding.

(ii) an abatement of rent by reason of the landlord's failure to provide proper commercial environment to conduct its business for period January to December 2003.

No provision has been made in the financial statements.

(c) Suit was filed by a former agent against Life of Jamaica Limited (LOJ) for payment of $82 million, representing commission which was alleged due on policies which were sold during her tenure at LOJ. LOJ has entered an Appearance in the matter and is in the process of preparing a Defence. No provision has been made in the financial statements as the company's internal attorneys are of the opinion that the suit against the company is unlikely to succeed.

(d) A number of other suits claiming damages in excess of $1 million each have been filed by customers and former agents of the group. The sums totalled approximately $42 million. In some instances counter claims have been filed by the group. No provision has been made where the group's management and attorneys are of the view that the group has a good defence.

46. Acquisition

On 1 January 2004, one of the company's subsidiaries, Sagicor Life of the Cayman Islands Limited acquired the individual and group life business in the Cayman Island of Capital Life Insurance Company Limited, a subsidiary of Sagicor Life Inc.

The acquisition has been recorded using the purchase method and goodwill is amortised using the straight line method over its estimated economic life.

Details of net assets acquired and goodwill are as follows:

	The Group 2004 $'000
Purchase consideration -	
Cash paid	367,361
Fair value of net assets acquired	(64,412)
Goodwill (Note 12)	302,949
	=========

The assets and liabilities arising from the acquisition were as follows:

Amount due from Capital Life Insurance Company Limited	48,608
Investment securities	163,171
Quoted equities	25,613
Investment property (Note 7)	43,875
Mortgages	88,427
Policy loans	58,228
Short term deposits	72,035
Property, plant and equipment (Note 11)	110

Other assets	2,489
Policyholders' funds	
Provision for policyholders' liabilities	(352,725)
Pension funds	(23,372)
Other liabilities	(62,047)
Fair value of net assets acquired	64,412
Goodwill (Note 12)	302,949
Total purchase consideration	367,361

Purchase consideration settled in cash	367,361
Cash and cash equivalents in portfolio acquired	(72,035)
Net cash outflow on acquisition	295,326

Post - acquisition profits of approximately $56,002,000 have been included in the group's statement of operations.

The following assets are still registered in the name of Capital Life Insurance Company Limited:

	$'000
Bank of America Corp. NTE	326
Fairfax Financial Holdings 8.2%	384
Government of Jamaica 11.25% Euro Bond	230
Government of Grenada	1,458
Ocelet Mutual Funds	57
Government of Barbados floating rate bonds	46,088
Mortgages	81,480
	130,023

The title deeds are in the process of being transferred to Sagicor Life of the Cayman Islands Limited.

47. Insurance Portfolio Assumed

Effective 1 January 2004, Life of Jamaica assumed the insurance liabilities and supporting assets for the Sagicor Life Inc. insurance portfolio in Jamaica. The transfer of these policies to Life of Jamaica Limited was in settlement of an outstanding promissory note. These assets assumed are still registered in the name of Sagicor Life Inc.

Details of the net assets assumed are as follows:

	$'000
Investment securities	68,397
Other assets	6,248
Insurance liabilities	(3,223)
Other liabilities	(1,009)
	70,413

The title deeds are in the process of being transferred to Life of Jamaica Limited.

48. Definitive Agreements

In June 2003, Life of Jamaica Limited (LOJ) and First Life Insurance Company Limited (First Life) signed a Memorandum of Understanding and in July 2004, both companies signed and exchanged definitive agreements for LOJ to acquire First Life's insurance business and their 37% interest in Pan Caribbean Financial Services Limited (PCFS). The definitive agreements provided for settlement by way of the allotment of LOJ's shares based on the relative values of LOJ's and First Life's financial services business at the valuation date. LOJ would have to issue 1,156,020,795 shares to First Life, however, First Life has opted to limit their interest in LOJ to 25% and renounced the extra 236,793,064 shares to Sagicor Financial Corporation, the ultimate parent company of LOJ. On completion of these transactions, the major shareholders in LOJ will be Sagicor Financial Corporation, 60% and First Life, 25%.

These transactions were approved by the Financial Services Commission on 16 December 2004 subject to a number of conditions being met. The transactions have also been sanctioned by Bank of Jamaica and the Jamaica Stock Exchange subject to approval of the vesting order to transfer ownership of First Life's insurance assets and liabilities and the obligations for the management on trust of the segregated funds and other funds on behalf of First Life to LOJ. Both companies are awaiting the vesting order from the Ministry of Finance.

49. Subsequent Event

On 21 January 2005, Life of Jamaica Limited acquired 226,208,971 shares of Pan Caribbean Financial Services Limited (PCFS) which represent a 43% interest in that company. Combined with its previous 8% interest in PCFS, LOJ has increased its interest to 51%.