

FIRST JAMAICA INVESTMENTS LIMITED
and its subsidiaries
(formerly First Life Insurance Company Limited)

31 December 2005

Your Directors are pleased to report that, for the year to 31 December 2005, the Group Profit Attributable to Stockholders was \$2,665 million – 69% greater than the \$1,576 million reported in 2004. This represents earnings per stock unit for the year of \$8.78 compared to \$5.22 in 2004.

These results include the gain of \$1,625 million arising from the transfer of our insurance and banking operations to Life of Jamaica (LOJ) and the consolidation of 25% of LOJ's profits for the nine month period to 31 December 2005.

Our Net Operating Profit after Tax for the year was \$1,106 million – 10% lower than the 2004 profit of \$1,224 million. These results were adversely affected by lower interest rates and a declining equity market, which impacted negatively on the investment income of the Group.

We continue to be pleased with the performance of our main operating subsidiary, Jamaica Property Company Limited, where occupancy levels exceeded 95% and whose contribution to Group profit has grown by over 30% to \$254 million.

We are also encouraged by the results of our associate company, Life of Jamaica, which reported a 57% increase in profits. These profits, which were boosted by the acquisition of our insurance and banking interests, produced earnings per stock unit for the year of \$0.65 – 14% greater than the \$0.57 earned in 2004.

As at 31 December 2005, using an IFRS fair value price of \$3.80 per stock unit for our stockholding in LOJ, the unaudited consolidated balance sheet records Stockholders' Funds at \$7,616 million. This is a 47% increase over the \$5,179 million as at 31 December 2004. However, if the market value of LOJ stock units as at 31 December 2005 were to be used, Stockholders' Funds would increase to \$12,856 million or \$42.35 per stock unit.

Maurice W. Facey
Chairman

Stephen B. Facey
Chief Executive Officer

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Consolidated Statement of Operations
31 December 2005

	3-Months to December 2005 \$'000	3-Months to December 2004 \$'000	12-Months to December 2005 \$'000	12-Months to December 2004 \$'000
Income				
Premium income	-	467,872	-	1,721,570
Investment income	56,630	100,582	162,398	403,223
Property	185,845	115,779	632,437	494,648
Other	<u>15,999</u>	<u>123,584</u>	<u>107,593</u>	<u>235,252</u>
	258,474	807,817	902,428	2,854,693
Operating Expenses				
Policyholders' benefits and other reserves	-	298,575	-	1,275,027
Commissions	-	50,734	-	123,134
Management and other expenses	112,685	79,570	380,442	426,096
Interest expense	<u>1,364</u>	<u>3,910</u>	<u>20,749</u>	<u>5,825</u>
	114,049	432,789	401,191	1,830,082
Operating profit	144,425	375,028	501,237	1,024,611
Share of results of associated companies before taxation	<u>186,854</u>	<u>147,963</u>	<u>723,795</u>	<u>414,534</u>
Profit before taxation	331,279	522,991	1,225,032	1,439,145
Taxation	<u>(55,379)</u>	<u>(92,628)</u>	<u>(217,769)</u>	<u>(274,567)</u>
Profit for the period from continuing operations	275,900	430,363	1,007,263	1,164,578
Profit for the period from discontinued operations	<u>-</u>	<u>-</u>	<u>98,751</u>	<u>59,695</u>
Profit for the period	275,900	430,363	1,106,014	1,224,273
Gain on transfer of insurance and banking operations to associated company	-	-	1,625,411	-
Gain/(loss) on dilution of stockholding in associated company/subsidiary	<u>-</u>	<u>-</u>	<u>(66,297)</u>	<u>351,913</u>
Net profit	275,900	430,363	2,665,128	1,576,186
Earnings per stock unit	\$0.91	\$1.43	\$8.78	\$5.22
Fully diluted earnings per stock unit	\$0.91	\$1.43	\$8.78	\$5.11

FIRST JAMAICA INVESTMENTS LIMITED
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Unaudited Consolidated Balance Sheet
31 December 2005

	December 2005 \$'000	Audited** December 2004 \$'000
ASSETS		
Cash and Bank Balances	141,233	420,609
Investments		
Securities		
Available-for-sale	1,269,698	2,399,017
Securities purchased under agreements to resell	413,175	542,014
Short-term deposits	-	4,542
Loan and lease receivables	39,756	155,750
Investment properties	2,064,202	1,831,024
Investment in associated companies	3,971,794	2,248,935
	7,758,625	7,181,282
Taxation recoverable	114,784	105,432
Deferred tax assets	2,974	2,547
Other assets	219,895	420,416
Due from holding company	30,597	-
Property, plant and equipment	74,639	87,835
Intangible assets	-	178,014
Retirement benefit assets	34,216	34,216
Segregated funds' assets	-	88,300
	<u>8,376,963</u>	<u>8,518,651</u>
LIABILITIES AND STOCKHOLDERS' FUNDS		
Stockholders' Funds		
Stated/Share capital	355,848	303,500
Share premium	-	52,348
Capital reserve	2,702,155	257,572
Investment and insurance reserves	105,423	698,775
Retained earnings	4,452,914	3,867,498
	7,616,340	5,179,693
Policyholders' Funds		
Reserves for future policyholders' benefits	-	927,685
Approved deposit administration funds	-	771,097
Policyholders' funds on deposit	-	400,776
Policy dividends on deposit	-	19,617
	-	2,119,175
Bank overdraft	-	6,425
Taxation payable	52,423	110,014
Deferred tax liability	70,728	70,637
Other liabilities	507,735	602,412
Due to related party	-	7,005
Long term loans	72,375	277,628
Retirement benefit obligations	57,362	57,362
Segregated funds' liabilities	-	88,300
	<u>8,376,963</u>	<u>8,518,651</u>

** The prior year's accounts have been restated to reflect the change in IAS 39 which was effective 1 January 2005.

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Unaudited Consolidated Statement of Changes in Stockholders' Funds
Twelve months ended 31 December 2005

	Stated Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Investment & Insurance Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2005	303,500	52,348	257,572	698,775	3,867,498	5,179,693
Transfer to stated capital	52,348	(52,348)	-	-	-	-
Net profit for the period	-	-	-	-	2,665,128	2,665,128
Unrealised gain on investments	-	-	-	12,802	-	12,802
Transfer to capital reserve	-	-	533,556	(533,556)	-	-
Transfer from retained earnings	-	-	1,911,027	-	(1,911,027)	-
Transfer from special insurance reserve	-	-	-	(69,820)	69,820	-
Transfer from investment reserve	-	-	-	(2,778)	2,778	-
Dividends paid	-	-	-	-	(241,283)	(241,283)
Balance at 31 December 2005	355,848	-	2,702,155	105,423	4,452,914	7,616,340

Unaudited Consolidated Statement of Changes in Stockholders' Funds
31 December 2004

	Share Capital	Share Premium	Capital Reserve	Investment & Insurance Reserves	Retained Earnings	Total
Balance at 1 January 2004	300,258	49,917	257,572	404,416	2,441,029	3,453,192
Unrealised gains on available-for-sale assets	-	-	-	392,460	-	392,460
Realised fair value gains transferred to Consolidated Statement of Operations	-	-	-	(82,578)	-	(82,578)
	-	-	-	309,882	-	309,882
Net profit for the period	-	-	-	-	1,576,186	1,576,186
Issue of stock units	3,242	2,431	-	-	-	5,673
Transfer from special insurance reserve	-	-	-	(11,421)	11,421	-
Transfer from investment reserve	-	-	-	(4,102)	4,102	-
Dividends paid	-	-	-	-	(165,240)	(165,240)
Balance at 31 December 2004	303,500	52,348	257,572	698,775	3,867,498	5,179,693

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Unaudited Financial Information by Business Segments
31 December 2005

	Insurance and Pension Management Services \$'000	Property \$'000	Banking and other Financial services \$'000	Investments and other Financial Services \$'000	Eliminations \$'000	Total \$'000
<u>REVENUE</u>						
External	490,803	701,940	-	200,488	-	1,393,231
Inter-segment	-	4,173	-	119,031	(123,204)	-
Total revenue	490,803	706,113	-	319,519	(123,204)	1,393,231
Operating profit	128,448	253,496	-	247,741	-	629,685
Share of results of associated companies before taxation						<u>723,795</u>
Profit before taxation						1,353,480
Taxation						(247,466)
Gain on transfer of insurance and banking operations to associated company						1,625,411
Loss on dilution of stockholding in associated company						<u>(66,297)</u>
Net profit						<u><u>2,665,128</u></u>

31 December 2004

	Insurance and other Financial Services	Property	Banking and other Financial Services	Eliminations	Total
<u>REVENUE</u>					
External	2,175,964	577,891	667,228	-	3,421,083
Inter-segment	117,886	5,236	915	(124,037)	-
Total revenue	2,293,850	583,127	668,143	(124,037)	3,421,083
Operating profit	732,861	193,126	175,679	-	1,101,666
Share of results of associated companies before taxation					<u>414,534</u>
Profit before taxation					1,516,200
Taxation					<u>(274,567)</u>
Profit after taxation					1,241,633
Gain on dilution of stockholding in subsidiary					351,913
Minority interest					<u>(17,360)</u>
Net profit					<u><u>1,576,186</u></u>

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Unaudited Consolidated Statement of Cash Flows
31 December 2005

	2005	2004
	\$'000	\$'000
Net profit	2,665,128	1,576,186
Items not affecting cash	<u>(1,861,893)</u>	<u>(1,203,406)</u>
	803,235	372,780
Changes in non-cash working capital components	<u>94,863</u>	<u>443,522</u>
Cash flows from operating activities	898,898	816,302
Cash flows used in investing activities	(968,317)	(400,740)
Cash flows used in financing activities	<u>(336,113)</u>	<u>(195,647)</u>
Net (decrease)/increase in cash and cash equivalents	(406,332)	219,915
Cash and cash equivalents at beginning of the year	<u>960,740</u>	<u>740,825</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>554,408</u>	<u>960,740</u>
	=====	=====
Comprising:		
Cash and bank balances	141,233	420,609
Short term investments	413,175	546,556
Bank overdraft	<u>-</u>	<u>(6,425)</u>
	554,408	960,740
	=====	=====

Notes

1. Unaudited Consolidated Statement of Discontinued Operations 31 December 2005

	December 2005 \$'000	December 2004 \$'000
Discontinued Operations		
Income	490,803	566,390
Operating expenses	<u>(362,355)</u>	<u>(489,335)</u>
Operating profits	128,448	77,055
Taxation	<u>(29,697)</u>	-
	98,751	77,055
Minority interest	-	<u>(17,360)</u>
Profit for the period from discontinued operations	<u>98,751</u>	<u>59,695</u>

2. The gain on transfer of insurance and banking operations to associated company represents the Directors' current best estimate of the quantum of the gain. The figure which is as yet unaudited, maybe subject to further adjustments when final settlement is reached with Life of Jamaica.
3. LOJ issued First Jamaica Investments Limited 919,227,731 new ordinary shares at an IFRS 3 fair value price of \$3.80 per share and, these accounts reflects our resulting 25% holding in LOJ at this price.
4. The above are subject to further adjustments in respect to certain recent amendments to the International Financial Reporting Standard (IFRS) and IAS 19 Employee Benefits valuation, not yet received.