

Life of Jamaica Ltd 1998

UNAUDITED CONSOLIDATED RESULTS

9 Months ended September 30,1998

	1998 \$'000	1997 \$'000
GROSS INCOME	3,934,779	3,685,922
PROFITS/(LOSSES) FOR THE PERIOD	53,863	76,651
PROFITS/(LOSSES) BEFORE EXTRAORDINARY ITEMS	53,863	(128,266)
EXTRAORDINARY ITEM	0	204,917
PREFERENCE DIVIDEND	0	0
PROFITS/(LOSSES) ATTRIBUTABLE TO SHAREHOLDERS	53,863	76,651
EARNINGS PER SHARE	0.100	0.193
SHAREHOLDER'S FUNDS	914,095	(355,457)
POLICYHOLDER'S FUNDS	7,861,269	7,762,875
TOTAL GROUP ASSETS	11,301,366	10,895,874
MANAGED PENSION FUNDS NOT INCLUDED ABOVE	<u>11,914,808</u>	<u>12,046,093</u>

On behalf of the Board

M.M. REYNOLDS President

D.H. LALOR Chairman

LIFE OF JAMAICA REPORTS PROFIT OF \$53.9 MILLION FOR PERIOD

ENDED SEPTEMBER 30, 1998

The Directors of Life of Jamaica Limited are pleased to present the un-audited Financial Statements for the period ended September 30, 1998 which reflect a profit attributable to ordinary shareholders of \$53.9 million compared with a profit of \$76.6 million for the same period last year, and Earnings Per Share of \$0.10 compared with \$0.19 for the period to September 1997. However, profits before extraordinary items amounted to \$53.9 million compared with a loss of \$128.3 million for the same period last year indicating an improvement in the company's operating performance. It must be noted that the main contributor to the company's performance for the nine months ended September 30, 1997 was the extraordinary gain of \$204.9 million on the sale of Life of Jamaica Limited's shares in Citizens Bank.

The third quarter results reflect strong performance by Life of Jamaica's local operations with quarterly profits of \$39.5 million and year to date profits of \$63.9 million. The consolidated results for the quarter were, however, negatively impacted by losses sustained by the overseas subsidiaries, which reported third quarter losses of \$40.3 million and year to date losses of \$9 million.

OPERATIONS

Profit on operations before financing charges amounted to \$306.8 million for the nine months ended September 30, 1998. This represents a 66% improvement in operating profits compared with the same period last year.

Jamaican Operations

Operating profits of our Individual Life Division of \$164 million are below the same period in 1997 by \$76 million or 46%, primarily due to the need to strengthen actuarial reserves to take account of increased lapse experience. Despite the harsh economic environment facing our customers, New Individual Life premium income continues to hold steady, showing less than a 1% decline over the previous year.

The Employee Benefits Division continues to produce good results, reporting a 30% increase in premium income over the same period last year.. Profits of \$119 million grew by 46% over the prior year.

Finance charges have reduced by 42% to \$230 million over the same period last year, reflecting the impact of the re-financing package as well as an increased focus on cash management.

LOJ continues to be the Market leader in Individual Life, Group Life and Pension business in Jamaica and is a dominant player in the Group Health business.

Overseas Operations

Global Life Assurance Company Limited reported operating profits, before finance charges and minority interest, of \$7.1 million compared with \$1.1 million for the same period last year. However, the group sustained losses after minority interest of \$9 million for the period to September 1998. These results, which are below our own expectations are due to adverse performance in the health lines in Puerto Rico and The Bahamas as well as and the effect of the downturn of world capital markets on the investment returns of the Cayman operations. We continue to take steps to reduce the exposure of the loss-making lines of business by a combination of exit, divestment and re-insurance strategies.

CONCLUSION

The economic environment remains a challenge for Life of Jamaica and Its Subsidiaries and we anticipate that this is likely to continue for the foreseeable future. Our response to this environment is a continued focus on the profitability of our core businesses through the retention of existing business, reduction of operating costs, and the elimination of debt.
