

LIFE OF JAMAICA LIMITED 2001

Interim report to shareholders

for the quarter ended 30th September 2001.

The Directors of Life of Jamaica Limited are pleased to present the unaudited consolidated results for the quarter ended September 30, 2001. The company recorded profits before exceptional item for the period of \$306 million, 97% higher than the level of profits recorded for the same period last year. Net profit after exceptional item is \$178.6 million, 15% higher than profits for the same period last year of \$155.2 million.

The results reflect an exceptional item of \$127.5 million, which represents assumption of one-off expenditure arising under contract with clients.

The performance of the company for the nine months of the year reflects consolidated profits from operations of \$418.9 million, \$141.7 million higher than profits from operations of \$277.2 million for the same period last year. The profit from operations for the period reflects gross income growing from \$4.5 billion to \$5.3 billion, an increase of \$751 million or 17%.

LOCAL OPERATIONS

Individual Line Insurance Operations

Profitability of our Individual line is significantly higher than levels for the same period last year largely due to strong asset-liability management and efficient expense management. Expense ratios for the line are below targeted ratios. The performance of the line also reflects favourable claims experience.

New business generation has also shown marked improvement in the third quarter with sales for the quarter considerably exceeding targeted sales. As such, at the end of the third quarter, we continue to close in on our sales targets for the year. We expect the strong sales thrust to continue in the last quarter of the year.

Employee Benefits

Our Group Business continued to exceed profitability expectations, particularly in Pension Administration and Group Insurance. The performance for the period was largely as a result of strong revenue growth and growth in fee based income related to our pension business. The performance of the division also reflects good expense management, as expense ratios were also lower than anticipated.

The positive performance of Group business is also due in large part to strong retention of business, which has been maintained throughout the year.

INTERNATIONAL OPERATIONS

Our overseas subsidiary Global Life, reported consolidated profits attributable to LOJ for the nine months of the year to 30th September of US\$453,044, 40% lower than the profits for the same period last year of US\$751,434. The reduction in profitability is mainly due to adverse investment experience, adverse morbidity experience and changes in the mix of business.

Although Global Life is a US dollar asset for Life of Jamaica, capital gains arising from the appreciation of the US dollar are not wholly reflected in the year to date profits of the company.

The sale of the company's Puerto Rican subsidiary is expected to be completed in the fourth quarter of the year.

CONCLUSION

All the company's main lines of business continue to perform profitably largely due to strong growth in our operational lines coupled with increased efficiencies resulting in lower expense ratios. The company should continue to improve business retention and profitability in the last quarter of the year.

The pending sale of FINSAC's 76% shareholding in Life of Jamaica to the Barbados Mutual/Life of Barbados Consortium is expected to be completed in the fourth quarter.

UNAUDITED CONSOLIDATED RESULTS

9 Months ended September 30, 2001

	<u>Notes</u>	2001 \$1000	2000 \$1000
GROSS INCOME		5,175,903	4,593,161
TOTAL BENEFITS & EXPENSES		(4,756,950)	(4,315,990)
OPERATING PROFIT		418,953	277,171
TRANSFER FROM RESERVE		41,337	404
PROFIT BEFORE TAXATION & EXCEPTIONAL ITEM		460,290	277,575
TAXATION		(115,203)	(86,587)
MINORITY INTEREST		(39,047)	(35,819)
PROFIT BEFORE EXCEPTIONAL ITEM		306,040	155,169
EXCEPTIONAL ITEM	1	(127,487)	
PROFITS/(LOSSES) AFTER EXCEPTIONAL ITEM		<u>178,553</u>	<u>155,169</u>
EARNINGS PER SHARE BEFORE EXCEPTIONAL ITEM	2	0.185	0.287
EARNINGS PER SHARE AFTER EXCEPTIONAL ITEM		0.108	0.287
SHAREHOLDERS' FUNDS		474,867	137,014
POLICYHOLDERS' FUNDS		12,363,860	11,709,645
TOTAL GROUP ASSETS		14,814,105	14,610,261
MANAGED PENSION FUNDS NOT INCLUDED ABOVE		11,351,224	11,434,583

On behalf of the Board

M.M.REYNOLDS President
C. D. MORRISON Q.C. Chairman

NOTES

1. EXCEPTIONAL ITEM

The exceptional item represents the assumption of certain expenditure arising under contract with clients.

2. EARNINGS PER SHARE

The reduction in earnings per share result from increase in the number of shares issued from 540,816,330 in 2000 to 1,656,248,955 in 2001.

CONSOLIDATED BALANCE SHEET

September 30, 2001

(UNAUDITED)

	THOUSANDS OF DOLLARS		
	UNAUDITED SEPT. 2001	UNAUDITED SEPTEMBER 2000	AUDITED DECEMBER 2000
SHAREHOLDERS' FUNDS			
Share Capital	1,222,309	1,110,765	1,110,765
Share Premium	128,985	128,985	128,985
Capital Redemption Reserve Fund	2,675	2,675	2,675
Profit & Loss Account	(879,102)	(1,105,411)	(1,057,655)
	474,867	137,014	184,770
POLICYHOLDERS' FUNDS			
Life Assurance Fund	11,132,613	10,431,858	10,631,416
Policy Dividends On Deposit	865,416	870,931	860,112
Superannuation Funds	365,831	406,856	360,294
	12,363,860	11,709,645	11,851,822
INVESTMENT RESERVES	75,973	96,477	85,022
MINORITY INTEREST	419,800	389,214	405,041
OTHER LIABILITIES	1,479,606	2,277,911	2,766,045
	14,814,105	14,610,261	15,292,700

Represented By:

INVESTMENTS

Leased Assets	0	1,542	
Real Estate	615,404	782,303	734,042
Hotel Investment	272,947	296,271	285,461
Quoted Securities	1,025,691	1,427,481	1,025,255
Govt. of Jamaica & other Fixed Interest Securities	6,563,631	5,903,425	6,803,830
Unit Trust	160,634	94,050	129,400
Term Loans & Deposits	1,740,639	1,486,108	1,470,364
Mortgage Loans	1,314,929	1,404,419	1,491,698
Policy Loans	1,578,257	1,604,384	1,613,592

13,272,132 12,999,983 13,553,642

ASSOCIATED COMPANIES

FIXED ASSETS	3,347	2,156	2,156
OTHER ASSETS	166,833	153,071	257,734
	1,371,794	1,455,051	1,479,168

14,814,105 14,610,261 15,292,700

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On behalf of the Board

M.M.REYNOLDS
C. D. MORRISON Q.C.

President
Chairman



CONSOLIDATED LIFE ASSURANCE FUND

9 Months ended September 30, 2001

(UNAUDITED)

NOTE 1

	THOUSANDS OF DOLLARS		
	2001	2000	2000
	SEPTEMBER	SEPTEMBER	DECEMBER
Balance at Beginning of Year	<u>10,631,416</u>	<u>9,771,404</u>	<u>9,771,404</u>
Foreign Exchange Adjustment	18,940	419,318	465,143
Increase in Provision	<u>482,257</u>	<u>241,136</u>	<u>394,869</u>
Net Adjustment	<u>501,197</u>	<u>660,454</u>	<u>860,012</u>
Balance at September	<u>11,132,613</u>	<u>10,431,858</u>	<u>10,631,416</u>

NOTE 2

PROFIT & LOSS ACCOUNT

9 Months ended September 30, 2001

(UNAUDITED)

	THOUSANDS OF DOLLARS		
	2001	2000	2000
	SEPTEMBER	SEPTEMBER	DECEMBER
Balance at Beginning of Year	(1,057,655)	(3,200,397)	(3,200,397)
Net Profit/(Loss) for the period	178,553	155,169	202,925
Contribution to surplus		<u>1,939,817</u>	<u>1,939,817</u>
Balance at September	<u>(879,102)</u>	<u>(1,105,411)</u>	<u>(1,057,655)</u>
