LIFE OF JAMAICA LTD.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

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1. Identification and Activities

(a) Life of Jamaica Limited is incorporated and domiciled in Jamaica. It is a 62.5% (2002 - 76%) subsidiary of LOJ Holdings Limited which is also incorporated and domiciled in Jamaica. The ultimate parent company is Sagicor Life Inc. (Sagicor), which is incorporated and domiciled in Barbados. Sagicor has an overall interest of 78.9% (2002 - 76%) 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", area as follows:

Subsidiaries	**Principal Activities**	**Incorporated In**	**Holding**	**Financial Year End**
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 (Note 1 (g))	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 31 December 2003, the assets totalled approximately $15,720,852,000 (2002 - $12,853,543,000)

(d) 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.

(e) 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.

(f) 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 (Note 47).

Effective 10 November 2003, LOJ and Island Life obtained approval from the Regulators, 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 (Note 48).

(g) On 1 July 2003, the Company established a subsidiary, Sagicor Re Insurance Limited in Grand Cayman. The subsidiary's principal activity is the provision of property and casualty insurance services for the companies within the Life of Jamaica Group.

(h) These financial statements are expressed in Jamaican dollars unless otherwise indicated.

2. Significant Accounting Policies

(a) Basis of preparation

Jamaica adopted International Financial Reporting Standards (IFRS) as its national accounting standards for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 31 December 2003 have therefore been prepared in accordance with IFRS and comparative information has been restated to conform with the provisions of IFRS. The Group has opted for early adoption of IFRS 1, First- time Adoption of IFRS and has applied the provisions of that standard in the preparation of these financial statements. The effects of adopting IFRS on the equity and net profit as previously reported are detailed in Note 49.

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment property and certain fixed assets.

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 products, 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 is 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) 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.

(d) Premium income

Gross premiums for traditional life 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.

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.

(e) 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.

(f) 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.

Assets and liabilities of foreign subsidiaries are translated at exchange rates at the balance sheet date, while statement of operations and cash flow items are translated at average rates over the year. Differences resulting from the use of these different exchange rates are reflected in currency translation reserves within stockholders' equity.

(g) 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.

(h) 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.

(i) Reinsurance ceded

The Group, including its general insurance subsidiary, cede 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 setoff exists.

(j) 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

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment 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.

(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.

(k) 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 43.

(l) Goodwill

Goodwill arising on the acquisition of subsidiaries and insurance portfolios is 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.

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.

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.

(m) Segregated funds

The Group manages a number of segregated funds on behalf of policyholders. The investment returns on these unitised 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.

(n) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances, deposits held on call with banks and bank overdraft balances.

(o) 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 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.

(p) 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.

(q) Loans and provisions for credit losses

Loans are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The provision for credit losses also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and reflecting the current economic climate in which the borrowers operate.

Write-offs are made when all or part of a loan is deemed uncollectible or in the case of debt forgiveness. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written-off are credited to credit loss expense in the statement of operations.

(r) Taxation

Taxation on the profit or loss for the year 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.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

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.

(s) 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.

(t) 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 servicecost 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.

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.

(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) Employee entitlements to annual leave are recognized 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.

(u) Special investment reserve

Unrealised gains on quoted equities and investment properties are recorded in retained earnings 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 the following rates:

Quoted equities	-	25%
Investment properties	-	10%

(ii) Net unrealised gains earned during the year are transferred from retained earnings to the investment reserve at the following rates:

Quoted equities	-	75%
Investment properties	-	90%

(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 recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized 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 recognized 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 shareholders' 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. In particular, the comparatives have been adjusted or extended to take into account the requirements of IFRS (Note 49).

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 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, pension fund management and the administration of trust accounts.

(c) Other operations of the Group comprise property management and general insurance services.

	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 tax	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	2,909		191,863
Depreciation	39,386	33,879	3,896		77,161

2002

	Individual Life Services $'000	Group Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenes	2,175,438	1,819,318	44,133	-	4,038,889
Revenue from other segments	34,325	47,978	-	(82,303)	-
Total revenue	2,209,763	1,867,296	44,133	(82,303)	4,038,889
Operation expense	(1,660,175)	(1,511,312)	(48,144)	82,303	(3,137,328)
Profit before taxation	549,588	355,984	(4,011)	-	901,561
Income tax expense	(36,414)	(6,756)			(43,170)
Net profit	513,174	349,228	(4,011)		858,891
Segment assets	7,045,840	3,754,194	90,802	(28,184)	10,862,652
Investments in associates					4,105
					10,866,757
Segment liabilities	4,101,339	4,974,665	106,256	-	9,182,260
Retirement benefit obligation					324,908
					9,507,168
Capital expenditure	13,655	12,032	1,179	-	26,866
Depreciation	18,582	16,373	2,583	-	37,538

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

	Jamaica $'000	Grand Cayman $'000	Total $'000
		2003	
Revenue	5,257,612	345,883	5,603,495
Total Assets	13,999,807	2,363,546	16,363,353
		2002	
Revenue	3,798,764	240,125	4,038,889
Total Assets	9,097,280	1,769,477	10,866,757

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 2003 $'000**	**Carrying Value 2002 $'000**
Available-for-sale -						
Government of Jamaica	30,007	-	261,210	2,494,840	2,786,057	1,926,446
Foreign governments				234,619	234,619	229,867
Other	8,518	8,275		69,883	86,676	65,972
	38,525	8,275	261,210	2,799,342	3,107,352	2,222,285
Quoted shares					707,293	403,837
Unit trusts					46,298	14,621
Unquoted shares					11,533	11,533
					3,872,476	2,652,276

Originated loans -						
Government of Jamaica	52,040	109,079	605,649	2,192,280	2,959,048	1,898,967
Mortgage loans	-	-	7,605	637,348	644,953	133,532
Promissory notes	130,018	-	160,000	-	290,018	160,000
Corporate debentures	45		641	-	686	742
Term deposits	53,715	15,045	1,837	4,290	74,887	188,531
	235,818	124,124	775,732	2,833,918	3,969,592	2,381,772
Policy loans					515,235	342,325
					4,484,827	2,724,097
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The Company

Remaining Term to Maturity

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Carrying Value 2003	Carrying Value 2002
	$'000	$'000	$'000	$'000	$'000	$'000
Available-for-sale -						
Government of Jamaica	30,007	-	261,210	1,752,520	2,043,737	1,539,324
Quoted equities					231,014	79,282
Unit trusts					46,297	14,621
Unquoted equities					11,533	11,533
					2,332,581	1,644,760
Originated loans -						
Government of Jamaica	52,040	109,079	605,649	2,192,281	2,959,049	1,898,968
Mortgage loans	-	-	7,605	631,303	638,908	128,326
Promissory notes	130,018	-	160,000	-	290,018	160,000
Corporate debentures	45	-	641	-	686	742
Term deposits	-	-	6,098	-	6,098	1,155
Other	-	-	2,670	-	2,670	1,996
	182,103	109,079	782,663	2,823,584	3,897,429	2,191,186
Policy loans					287,151	158,158
					4,184,580	2,349,344
					===========	===========

(a) Included in investments are Government of Jamaica Local Registered Stocks valued at J$40,000,000 (2002: J$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 J$180,000,000 (2002: J$90,000,000) which have been pledged with the Regulators, 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 (2002: EC$200,000) which have been pledged by one of the company's subsidiaries, Global Life Assurance Company Limited with the Government of Antigua, pursuant to Section 6 (a) of the said country's Insurance Act, 1967.

(d) Included in term deposits for the Group is an amount of $nil (2002 - $56,418,000) deposited in an escrow account in 2001. This amount was being held in the prior year in accordance with the terms of the sale agreement of Atlantic Southern Insurance Company Limited, a former subsidiary. During the year the deposit in the escrow account was used to offset claims made by the purchaser under the sale agreement.

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

	The Group and The Company	
	2003	2002
	$'000	$'000
Gross gains/(losses)	8,834	(45,379)
	=======	========

6. Securities Purchased under Resale Agreements

The Group and the Company entered into 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.

	The Group and The Company					
	Remaining Term to Maturity					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Carrying Value 2003	Carrying Value 2002
	$'000	$'000	$'000	$'000	$'000	$'000
Securities purchased under resale agreements	485,719	30,169	-	-	515,888	81,359

7. Investment Properties

	Note	The Group 2003	The Group 2002	The Company 2003	The Company 2002
At beginning of year					
As previously stated		257,458	84,681	111,611	84,681
Effect of International Financial Reporting Standards	49	-	145,086	-	8,346
Restated		257,458	229,767	111,611	93,027
Assumed on acquisition of Island Life	47	-	-	160,995	-
Acquired during the year		100,845	-	100,845	-
Disposed during the year		(34,500)	-	(34,500)	-
Transferred to property, plant and equipment due to IAS 40	11	-	-	(160,995)	-
Exchange differences		25,431	9,107	-	-
Fair value gains		11,000	18,584	11,000	18,584
At end of year		360,234	257,458	188,956	111,611

Rental income and repairs and maintenance expenditure in relation to investments properties amounted to $4,137,000 (2002 - $3,155,000) and $3,374,000 (2002 - $4,384,000) respectively for the Group and the Company.

The properties were valued at current market value as at 31 December 2003 by Allison Pitter and Company Limited, Deloitte & Touche Property Management (Grand Cayman), Easton Douglas & Company Limited and Clinton Cunningham & Associates, qualified property appraisers and valuers.

Prior to 2001 the Group recorded fair value changes, net of deferred taxes, in the investment and fair value reserves in stockholders' equity. The amounts included in that reserve at the date of adoption of IAS 40 should be transferred to the statement of operations. However, the Insurance Regulations 2001 requires that such fair value changes be recognised in a reserve and transferred to the statement of operations at a rate of 10% per annum (Note 22).

8. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises the following balances with maturity dates not exceeding 90 days.

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Balances with banks payable on demand	96,456	287,116	44,252	247,190
Cheques and cash on hand	80	-	87	-
	96,536	287,116	44,339	247,190
Short term deposits	35,283	28,779	1,523	-
Investment securities	135,763	117,796	82,092	82,345
Less:				
Bank overdraft (Note 27)	(90,429)	(109,270)	(86,688)	(103,196)
	177,153	324,421	41,266	226,339

9. Investment in Subsidiaries

	2003 $'000	2002 $'000
Global Life Assurance Company Limited	1,188,713	638,260
LOJ Property Management Limited	(14,376)	(14,772)
Sagicor Re Insurance Limited	10,039	-
LOJ Pooled Investment Fund Limited	1	1
	1,184,377	623,489

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

10. Investment in Associated Companies

(i) Name of Companies	Principal Activity	Equity Capital held by Company
St. Andrew Developers Limited	Real estate development	33.33%
Lested Development Limited	Operation of a child care centre (dormant)	35.00%

Both companies are incorporated and resident in Jamaica.

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

	The Group and The Company	
	2003 $'000	2002 $'000
Shares, at cost	2	2
Share of post acquisition reserves	(2,501)	(2,501)
Loans and current accounts	6,598	6,604
	4,099	4,105

11. Property, Plant and Equipment

	Note	The Group Leasehold Buildings and Improvements $'000	Freehold Land and Buildings $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -						
1 January 2003		1,356	42,000	675,516	24,224	743,096
Cost of acquired assets	47	-	16,206	166,201	5,536	187,943
Transferred from investment property	7	-	160,995	-	-	160,995
Revaluation adjustment		-	12,000	-	-	12,000
Additions		9,090	-	166,016	16,757	191,863
Disposal		-	-	(4,270)	(5,716)	(9,986)
Translation adjustment		-	-	2,219	-	2,219
31 December 2003		10,446	231,201	1,005,682	40,801	1,288,130
Depreciation -						
1 January 2003		1,248	6,300	597,043	9,332	613,923
Depreciation on acquired assets	47	-	-	140,486	1,663	142,149
Charge for the year		880	6,289	64,859	5,133	77,161
Relieved on disposals		-	-	(2,465)	(2,374)	(4,839)
Translation adjustment		-	-	1,944	-	1,944
31 December 2003		2,128	12,589	801,867	13,754	830,338
Net Book Value -						
31 December 2003		8,318	218,612	203,815	27,047	457,792
31 December 2002		108	35,700	78,473	14,892	129,173

The Company

	Note	Leasehold Buildings $'000	Freehold Land and Buildings $'000	Furniture and Equipment $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -						
1 January 2003		-	42,000	647,723	20,072	709,795
Cost of acquired assets	47	-	16,206	166,201	5,536	187,943
Transferred from investment property	7	-	160,995	-	-	160,995
Revaluation adjustment		-	12,000	-	-	12,000
Additions		8,861	-	165,372	14,674	188,907
Disposal		-	-	(4,209)	(5,306)	(9,515)
31 December 2003		8,861	231,201	975,087	34,976	1,250,125
Depreciation -						
1 January 2003		-	6,300	574,548	7,514	588,362
Depreciation on acquired assets	47	-	-	140,486	1,663	142,149
Charge for the year		787	6,289	61,061	4,358	72,495
Relieved on disposals		-	-	(2,451)	(1,964)	(4,415)
31 December 2003		787	12,589	773,644	11,571	798,591
Net Book Value -						
31 December 2003		8,074	218,612	201,443	23,405	451,534
31 December 2002		-	35,700	73,175	12,558	121,433

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

12. Goodwill

	The Group and The Company 2003 $'000
Goodwill arising on acquisition (Note 47)	830,410
Amortised during the year	(41,520)
Net book amount	788,890

This represents premium on the acquisition of Island 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 economic useful life.

13. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of:

- 7.5% for The Company; and

- 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	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Balance as at 1 January	32,247	26,262	28,058	23,750
Assumed on acquisition/amalgamation of Island Life	2,765	-	(4,667)	-
(Charged)\credited to statement of operations	(6,311)	5,985	2,884	4,308
Balance as at 31 December	28,701	32,247	26,275	28,058

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

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Deferred income tax assets				
Pensions and other post-retirement benefits	24,209	26,425	23,059	24,322
Decelerated tax depreciation	7,340	1,482	6,465	441
Tax losses unused	-	1,046	-	-
Other	2,119	3,294	2,119	3,295
	33,668	32,247	31,643	28,058
Deferred income tax liabilities				
Accelerated tax depreciation	3,152	-	3,152	-
Other temporary differences	1,815	-	2,216	-
	4,967	-	5,368	-

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

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	(2,706)	(1,117)	(6,025)	(1,117)
Pensions and other post - retirement benefits	2,216	(1,718)	1,263	(2,128)
Tax losses	2,356	-	-	-
Other temporary differences	4,445	(3,150)	1,878	(1,063)
	6,311	(5,985)	(2,884)	4,308

Deferred income taxes liabilities have not been provided for on the 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 $297,151,000 (2002 - $8,968,000).

14. Other Assets

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Premiums due and unpaid	118,341	105,501	110,111	100,920
Interest receivable.	262,686	118,628	222,166	118,628
Prepaid commissions	112,114	42,487	112,114	42,487
Related party balances	227,291	10,237	312,800	72,216
Other receivables	329,347	372,303	179,002	182,877
	1,049,779	649,156	936,193	517,128

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 $4,380,130,000 (2002 - $3,879,631,000) and $4,249,335,000 (2002 - $3,786,103,000) respectively on behalf of certain life insurance policyholders under the Balanced Fund, LOJ Equity Fund (formerly the Long Term Securities Fund), LOJ Fixed Income Fund (formerly the Short Term Deposits Fund), in addition to the Capital Growth Fund and Investor Growth Fund (funds acquired from Island Life Insurance Company Limited). 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	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Assets				
Government securities	2,438,539	2,592,565	2,387,851	2,592,665
Quoted equities	521,715	162,585	443,779	162,585
Real estate	646,172	576,975	646,172	576,975
Repurchase agreements and short-term loans	265,982	197,978	265,982	106,602
Unit trusts	157,599	101,009	157,599	101,009
Other assets	350,123	248,519	347,952	246,367
	4,380,130	3,879,631	4,249,335	3,786,103

(c) Income by Type on Segregated Funds' Investments

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Government securities	498,897	360,076	492,440	360,076
Quoted equities	29,350	63,165	19,402	63,165
Real estate	28,803	96,503	28,803	96,503
Securities purchased under resale agreements and short-term loans	101,447	42,358	101,447	36,416
Unit trusts	24,736	14,611	24,736	14,551
	683,233	576,713	666,828	570,711

17. Related Party Balances and Transactions

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

	The Group 2003 $'000	The Group 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Current account - related companies	169,271	-	119,306	36,767
Current account - related parties	9,421	181,349	111,166	10,774
	=========	=========	=========	========

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

	The Group 2003 $'000	The Group 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Related parties				
Administration fees	80,464	70,452	80,464	70,452
Interest income	32,671	45,545	13,674	35,545
Management fee income	232,326	185,141	232,326	185,141
Rent expense	(55,077)	(30,110)	(55,077)	(30,110)
Premium income	-	-	5,266	-
Related companies:				
Interest income	10,195	4,154	27,320	3,924
Lease rental	-	1,253	1,850	1,253
Management fee income	-	31,250	47,589	23,894
Management fee expense	6,000	-	6,000	-
Reinsurance costs	-	8,365	10,728	8,365
Other	-	15,430	10,270	15,430
	=========	=========	=========	=========

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

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

18. Share Capital and Share Premium

	The Group and The Company	
	2003	**2002**
Authorised:	**$'000**	**$'000**
13,598,340,000 (2002 - 3,000,000,000) ordinary shares of $0.10 each	1,359,834	300,000
1,700,000 8.17% "A" redeemable cumulative preference shares of $1 each	-	1,700
300,000 8.17% "B" redeemable cumulative preference shares of $1 each	-	300
975,000 10.37% "C" redeemable cumulative preference shares of $1 each	-	975
175,000 10.37% "D" redeemable cumulative preference shares of $1 each	-	175
Zero coupon non-cumulative convertible preference shares of $1 each	-	1,056,684
	1,359,834	1,359,834

Issued and fully paid:	Number of Shares	
	Ordinary shares $'000	**Zero coupon non-cumulative shares $'000**
At 1 January 2001	1,656,248	1,056,684

At 31 December 2001	1,656,248	1,056,684
At 31 December 2002	1,656,248	1,056,684
Shares issued	547,639	-
Conversion of shares	317,010	(1,056,684)
At 31 December 2003	2,520,897	-

Issued and fully paid:

	Ordinary shares $'000	**Zero coupon non-cumulative shares $'000**	**Share Capital $'000**	**Share Premium $'000**
At 1 January 2001	1,165,624	1,056,684	1,222,308	128,985
At 31 December 2001	1,165,624	1,056,684	1,222,308	128,985
At 31 December 2002	165,624	1,056,684	1,222,308	128,985
Conversion of zero coupon non-cumulative preference shares of $1 each	-	(1,056,684)	(1,056,684)	-
Issue of shares:				
- Acquisition of Island Life Insurance Company Limited (Note 47)	52,403	-	52,403	1,487,576
- Conversion of zero coupon non-cumulative preference shares of $1 each	31,701	-	31,701	1,024,983
- Employee Share Purchase Plan (Note 41)	2,000	-	2,000	38,500
- Executive Stock Option Plan (Note 41)	361	-	361	5,358
At 31 December 2003	252,089	-	252,089	2,685,402

a) The zero coupon non-cumulative convertible preference shares carried voting rights only in respect of resolutions to wind up the company, reduce its share capital or any action taken which may prejudice or limit the right of the converted preference shares, which entitlement will be one vote for each share held. The shareholders of the converted shares have the right, ranking pari passu with the holders of the ordinary shares, to participate in any revenue or capital distributions made by the company.

b) During the year, the zero coupon non-cumulative shares were converted to ordinary shares consequent to the attainment of the solvency ratio delineated by the Insurance Act 2001. The zero coupon shares were converted to ordinary shares of $0.10 at a rate of three ordinary shares for every ten preference shares. The converted shares shall rank pari passu for all purposes and in all respects with the existing ordinary shares of the company.

c) During the year, redeemable cumulative preference shares amounting to 3,150,000 of $1 each were cancelled. These were replaced with ordinary shares equivalent to the nominal value of the preference shares.

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 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, Global Life Assurance Company Limited and Sagicor Re Insurance Limited.

22. Special Investment Reserve

This represents a non-distributable reserve under the provisions of the Insurance Regulations, 2001.

23. Dividends Declared

	The Group and The Company	
	2003	2002
	$'000	$'000
First interim dividends (10 cents per share)	252,090	-
Second interim dividends (6 cents per share) - Note 27	151,253	-
	403,343	-

The first interim dividend was paid on 27 October 2003 to shareholders on record as at 6 October 2003. The second interim dividend was approved by the Board of Directors on 22 December 2003 and was paid on 30 January 2004 to shareholders on record as at 31 December 2003.

24. Provision for Policyholders' Liabilities

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

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Group annuities	1,727,025	1,048,940	1,685,330	1,035,918
Group insurance	286,668	250,724	286,668	250,724
Individual insurance	1,412,223	1,276,562	787,794	615,962
	3,425,916	2,576,226	2,759,792	1,902,604

(b) Provisions for future policyholders' liabilities:

The Group

2003

	Group Annuities $'000	**Individual Insurance $'000**	**Group Insurance $'000**	**Total $'000**
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
Balance at end of year	1,727,025	1,412,223	286,668	3,425,916
2002				
Balance at the beginning of the year	999,489	1,097,090	247,654	2,344,233
Normal changes in policyholders' liabilities	49,451	141,454	3,070	193,975
Changes as a result of revaluation	-	38,018	-	38,018
	1,048,940	1,276,562	250,724	2,576,226

The Company

2003

	Group Annuities $'000	**Individual Insurance $'000**	**Group Insurance $'000**	**Total $'000**
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

		2002		
Balance at the beginning of the year	983,776	609,435	247,654	1,840,865
Normal changes in policyholders' liabilities	52,142	6,527	3,070	61,739
	1,035,918	615,962	250,724	1,902,604

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

The Group

	Insurance $'000	Pensions and Annuities $'000	Other Liabilities $'000	Capital and Surplus $'000	Total $'000
			2003		
Quoted securities	166,479	-	-	587,113	753,592
Investment properties	-	-	-	360,235	360,235
Fixed interest 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
			2002		
Quoted securities	-	-	80,931	-	80,931
Investment properties	-	-	103,265	-	103,265
Fixed interest securities	2,728,540	1,369,321	-	-	4,097,861
Mortgages	128,325	-	-	1,275,715	1,404,040
Other assets	1,301,029	-	-	-	1,301,029
	4,157,894	1,369,321	184,196	1,275,715	6,987,126

The Company

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
Fixed interest 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

2002

	Insurance $'000	Pensions and Annuities $'000	Other Liabilities $'000	Capital and Surplus $'000	Total $'000
Quoted securities	-	-	80,931	-	80,931
Investment properties	-	-	103,265	-	103,265
Fixed interest securities	2,728,540	1,028,126	-	-	3,756,666
Mortgages	128,325	-	-	1,185,771	1,314,096
Other assets	614,879	-	-	-	614,879
	3,471,744	1,028,126	184,196	1,185,771	5,869,837

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

	The Group 2003			
	Annuities $'000	**Group Insurance** $'000	**Individual Insurance** $'000	**Total** $'000
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 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
	2002			
Change in assumed investment yields and inflation rate	(14,521)	-	74,560	60,039
Foreign currency translation	-	-	38,018	38,018
Change due to the issuance of new policies and the decrements on inforce policies	64,827	3,070	(111,767)	(43,870)
Change due to other actuarial assumptions	(855)	-	178,661	177,806
	49,451	3,070	179,472	231,993

The Company
2003

	Annuities $'000	Group Insurance $'000	Individual Insurance $'000	Total $'000
Change in assumed investment yields and inflation rate	58,439	-	(228,296)	(169,857)
Change due to the issuance of new policies and 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

2002

	Annuities $'000	Group Insurance $'000	Individual Insurance $'000	Total $'000
Decrease in assumed investment yields and inflation rate	(14,521)	-	18,951	4,430
Change due to the issuance of new policies and the decrements on inforce policies	67,518	3,070	(146,204)	(75,616)
Change due to other actuarial assumptions	(855)	-	133,780	132,925
	52,142	3,070	6,527	61,739

(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. Pension Funds

	The Group		The Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Balance at the beginning of the year	546,036	369,832	481,241	369,832
Pension funds assumed on acquisition	732,081	-	732,081	-
Deposits received	144,782	164,064	140,193	105,677
Interest earned on deposits	169,445	51,660	148,239	47,972
Service charges	(12,227)	(4,514)	(6,185)	(4,514)
Transfers to Pooled Investment Fund	(1,997)	(4,000)	(1,997)	(4,000)
Withdrawals made	(149,705)	(34,325)	(144,812)	(33,726)
Revaluation adjustment	12,964	3,319	-	-
	1,441,379	546,036	1,348,760	481,241

These represent funds managed on behalf of pension plans administered by the Group. Interest credited to the funds are 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 127 (2002- 36) clients. The average interest rate paid during the year was 11.5% (2002 - 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 89% (2002 - 85%). 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 by the internal actuary annually and reviewed by an independent actuary. The latest actuarial valuation was done as at 31 December 2003.

(b) Global Life Assurance Company 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**	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Pension scheme	183,190	223,963	182,148	220,742
Other post-retirement benefits	121,950	100,945	118,341	97,854
	305,140	324,908	300,489	318,596

(a) Pension Scheme

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

	The Group		**The Company**	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligation	998,779	1,026,548	987,370	997,384
Fair value of plan assets	(1,169,983)	(880,188)	(1,140,334)	(860,364)
	(171,204)	146,360	(152,964)	137,020
Unrecognised actuarial gains	354,394	77,603	335,112	83,722
Liability in the balance sheet	183,190	223,963	182,148	220,742

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 $383,492,000.

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

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	22,902	35,827	21,212	34,591
Interest cost	137,559	122,683	133,445	119,438
Expected return on plan assets	(113,454)	(88,796)	(110,634)	(86,300)
Net actuarial losses recognised in year	217	-	-	-
Total, included in staff costs	47,224	69,714	44,023	67,729

The actual return on plan assets was $1,176,572,000 (2002: $880,188,000).

Movement in the liability recognised in the balance sheet:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	223,963	218,192	220,742	213,158
Total expense - as above	47,215	69,714	44,023	67,729
Contributions paid	(87,988)	(63,943)	(82,617)	(60,145)
At 31 December	183,190	223,963	182,148	220,742

The principal actuarial assumptions used were as follows:

	The Group and The Company	
	2003	2002
Discount rate	15%	12.5%
Expected return on plan assets	12%	12%
Future salary increases	10%	10%
Future pension increases	3.5%	3.5%

(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 (2002 - 10.5%).

The amounts recognised in the balance sheet are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Present value of funded obligations	191,629	115,614	187,043	111,977
Unrecognised actuarial losses	(69,679)	(14,669)	(68,702)	(14,123)
Liability in the balance sheet	121,950	100,945	118,341	97,854

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

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Current service cost	7,650	5,953	7,607	5,710

Interest cost	15,265	11,303	14,805	10,960
Net actuarial losses recognised in	385	-	371	-
Total included in staff costs	23,300	17,256	22,783	16,670

Movements in the amounts recognised in the balance sheet:

	The Group		The Company	
	2003	2002	2003	2602
	$'000	$'000	$'000	$'000
Liability at beginning of year	100,945	85,257	97,854	82,752
Total expense, as above	23,300	17,256	22,783	16,670
Contributions paid	(2,295)	(1,568)	(2,296)	(1,568)
Liability at end of year	121,950	1,001,945	118,341	97,854

27. Other Liabilities

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Accounts payable and accruals	247,447	65,873	186,560	62,277
Annuities payable	35,655	-	35,655	-
Benefits payable to policyholders	554,740	416,907	524,591	366,017
Bank overdraft	90,429	109,270	86,688	103,196
Dividends payable	151,253	-	151,253	-
Promissory notes issued	-	45,000	-	45,000
Miscellaneous	202,337	163,155	194,425	91,574
Provisions: (Note 28)				
Accrued vacation	6,966	5,695	6,966	5,695
Bonus accruals	59,583	21,000	59,583	21,000
Funds held in escrow on sale of	-	86,174	-	-
Restructuring costs		107,168	-	107,168
Co-insurance costs		13,519	-	135,191
	66,549	233,556	66,549	147,382
Premiums not applied	103,606	66,053	69,192	61,065

Reinsurance payable	135,779	55,723	120,149	55,723
	1,587,795	1,155,537	1,435,062	932,234

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 65% (2002: - 20.75%).

28. Provisions

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	233,556	86,174	147,382	-
Provided during the year	60,854	147,382	60,854	147,382
Utilised during the year	(227,861)	-	(141,687)	-
At end of year	66,549	233,556	66,549	147,382
Comprising:				
Provision for 2002	-	86,174	-	-
Provision for 2003	66,549	147,382	66,549	147,382
	66,549	233,556	66,549	147,382

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	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Group Insurance:				
Group creditor life	4,108	3,149	4,108	3,149
Group life	335,066	339,911	259,167	323,415
Group health	1,195,489	1,074,541	1,195,082	1,074,030
Other	99,712	84,065	97,406	84,065
	1,634,375	1,501,666	1,555,763	1,484,659
Individual life	2,139,541	1,441,397	1,415,122	1,189,083
Annuities and pensions	277,836	192,968	249,114	192,968
Property and casualty	49,281	-	-	-
	4,101,033	3,136,031	3,219,999	2,866,710

Reinsurance premiums by line of business:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Group Insurance:				
Group life	21,519	30,259	16,252	26,661
Group health	11,419	9,907	11,419	9,907
Other	18,277	15,175	18,277	15,175
	51,215	55,341	45,948	51,743
Individual life	173,142	181,918	105,360	84,763
Property and casualty	46,088	-	-	-
	270,445	237,259	151,308	136,506
Net Premiums	3,850,588	2,898,772	3,068,691	2,730,204

(b) Premiums by geography

	The Group	
	2003	**2002**
	$'000	**$'000**
Jamaica	3,651,890	2,744,528
Grand Cayman	198,698	154,244
	3,850,588	2,898,772

31. Net Investment Income

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Interest income:				
Bank deposits	15,785	35,666	366	2,253
Short term loans	46,931	46,670	63,153	46,670
Policy loans	65,434	44,412	32,080	18,976
Mortgage loans	43,936	30,887	42,268	30,437
Investment securities	742,098	392,222	518,742	392,222
Corporate securities	73,611	16,035	34	16,034
	987,795	565,892	656,643	506,592
Other investment income	23,551	37,780	1,845	33,163
Dividends - ordinary shares	35,634	9,926	4,606	4,352
Net gains on investment securities	24,395	58,683	8,479	29,918
Net foreign exchange income	297,036	60,236	218,257	60,236
	1,368,411	732,517	889,830	634,261
Interest expense	(210,223)	(139,296)	(209,052)	(139,295)
	1,158,188	593,221	680,778	494,965

32. Net Fee and Commission Income

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Fee and commission income -				
Mortgage related fees	35,896	-	35,896	-
Administration fees	308,659	283,872	315,931	283,872
Other	45,883	32,718	45,883	32,718
	390,438	316,590	397,710	316,590
Fee and commission expenses	(527)	(705)	(527)	(705)
	389,911	315,885	397,183	315,885

33. Net Gain from Co-Insurance Agreement

	The Group and The Company	
	2003	**2002**
	$'000	**$'000**
(a) Gain from co-insurance	-	160,000
(b) Co-insurance costs	-	(13,519)
	-	146,481

(a) This represented the gain arising from the co-insurance agreement (Note 1 (d)).

(b) This represented costs incurred in restructuring of the company's employee benefits business in relation to the co-insurance agreement (Note 1 (d)).

34. Net Gain on Disposal of Subsidiaries

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

35. Co-Insurance Distribution

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

36. Salaries, Pension Contributions and Other Staff Benefits

(a) Employees

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	553,821	366,545	532,007	360,088
Payroll taxes	56,532	38,882	54,292	37,072
Pension costs	49,492	71,825	44,023	67,729
Other post retirement benefits (Note 26)	23,300	17,256	22,783	16,670
Other	14,348	20,268	8,824	18,170
	697,493	514,776	661,929	499,729
Termination costs	-	47,691	-	47,691
	697,493	562,467	661,929	547,420

	The Group		The Company	
	2003	2002	2003	2002
	No.	No.	No.	No.
Average number of employees:				
Full-time administrative	479	366	440	321
Part-time administrative	71	128	40	127
	550	494	480	448

(b) Contractors - sales agents

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Commissions and bonuses	726,699	485,383	700,840	459,888

	The Group		The Company	
	2003	2002	2003	2002
	No.	No.	No.	No.
Average number of insurance sales agents	283	357	275	349

37. Restructuring Costs

This represents restructuring costs incurred in relation to the acquisition of Island Life.

38. Results of subsidiaries

	2003	2002
	$'000	$'000
Global Life Assurance Company Limited	280,114	31,826
Island Life Insurance Company Limited	36,173	-
LOJ Property Management Limited	393	(297)
Sagicor Re Insurance Limited	2,790	-
	319,470	31,529

39. Profit before Taxation

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

	The Group 2003 $'000	The Group 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Auditors' remuneration -				
Current year	15,418	10,228	9,577	7,000
Prior year	-	1,044	-	492
Actuarial fees	8,604	3,003	8,604	3,003
Depreciation	77,161	37,538	72,495	33,893
Directors' emoluments -				
Fees	930	530	580	530
For management	22,143	12,359	22,143	12,359
Goodwill amortised	41,720	-	41,720	-
Salaries, pension contributions and other staff benefits (Note 37)				
- Employees	697,493	562,467	661,929	547,420
- Contractors				
	726,699	485,383	700,840	459,888

40. Taxation

(a) Taxation charge

The taxation charge for the year in the statement of operations is comprised of:

	The Group 2003 $'000	The Group 2002 $'000	The Company 2003 $'000	The Company 2002 $'000
Premium tax @ 1.5%:				
Current year charge	50,445	40,743	41,392	40,743
Investment income tax @ 7.5%:				
Current year charge	30,586	33,478	15,261	33,478
Prior year over provision		(25,066)	-	(25,066)

	30,586	8,412	15,261	8,412
Income tax at 33 1/3%	443	-	-	-
	81,474	49,155	56,653	49,155
Deferred income tax (Note 13)	6,311	(6,985)	(2,884)	(4,308)
	87,785	43,170	53,769	44,847

(i) Premium tax charges for the Group and the Company includes tax on deposits relating to the segregated funds totalling $740,990,000 (2002 $719,995,000) and $734,498,000 (2002 - $719,995,000) 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 at 31 December 2003 for set off against future taxable profits amount to approximately $nil (2002 - $3,137,000).

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

	The Group		**The Company**	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Premium tax				
Gross premium income	4,101,033	3,136,031	3,219,999	2,866,710
Tax at 1.5%	61,515	47,040	48,300	43,001
Income not subject to tax	(29,760)	(19,981)	(23,619)	(15,942)
Amounts on deposit	4,883	-	3,595	-
Premium income relating segregated fund	11,115	10,800	11,017	10,800
Reinsurance premium not deductible	2,692	1,899	2,099	1,899
Net effect of other charges and allowance	-	985	-	985
	50,445	40,743	41,392	40,743
Income tax at 33 1/3%	443	-	-	-
Investment income tax				
Gross investment income	987,795	565,892	656,643	506,592

Tax at 7.5%	74,085	42,442	49,248	37,994
Deductible expenses	(34,459)	(3,289)	(32,386)	(3,289)
Income not subject to tax	(22,804)	(24,545)	(20,164)	(20,097)
Expenses not deductible for tax purposes	11,023	14,692	9,641	14,666
Prior year over provision	-	(25,066)	-	(25,066)
Unutilised tax losses	-	(1,046)	-	-
Net effect of other charges and allowances	9,052	(761)	6,038	(104)
	36,897	2,427	12,377	4,104
Income tax expense	87,785	43,170	53,769	44,847

41. 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.

	2003	**2002**
Net profit attributable to shareholders ($'000)	1,208,683	858,391
Weighted average number of ordinary shares in issue ('000)	2,273,847	1,656,249
Basic earnings per share ($ per share)	$0.53	$0.52

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:-

(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.

	2003	2002
Net profit attributable to shareholders ($'000)	1,208,683	858,391
Weighted average number of ordinary shares in issue ('000)	2,320,145	1,829,752
Fully diluted earnings per share ($ per share)	$0.52	$0.47

42. 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:

	2003 & 2002	
	Jamaican dollars	United States dollar
Individual life policies	$5,000,000	$100,000
Group life	$5,000,000	-
Group health	$1,000,000	$100,000
Personal accident	$8,000,000	$100,000

43. 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:

(i) 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;

(ii) 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;

(iii) 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

(iv) 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 2003 $'000	**Fair Value 2003 $'000**	**Carrying Value 2002 $'000**	**Fair Value 2002 $'000**
Financial Assets				
Investment securities - originated loans	4,484,827	4,025,424	2,724,097	2,518,821
	The Company			
Financial Assets				
Investment securities - originated loans	4,184,580	3,725,171	2,349,344	2,144,068

44. 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
2003

	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	-	38,525	8,275	261,210	2,799,342	765,124	3,872,476
Originated loans securities	-	235,818	124,124	775,732	2,833,918	515,235	4,484,827
Securities purchased under resale aggreement	-	485,719	30,169	-	-	-	515,888
Investment properties	-	-	-	-	-	360,234	360,234
Short term deposits	35,283	-	-	-	-	-	35,283
Investment in associates	-	-	-	-	-	4,099	4,099
Cash and bank	96,536	-	-	-	-	-	96,536
Property, plant & equipment	-	-	-	-	-	457,792	457,792
Goodwill	-	-	-	-	-	788,890	788,890
Deferred income taxes	-	-	-	-	-	28,701	28,701
Other assets	-	-	-	-	-	1,338,497	1,338,497
Segregated funds' assets	-	501,452	180,782	1,982,150	224,915	1,490,831	4,380,130
Total Assets	131,819	1,261,514	343,350	3,019,092	5,858,175	5,749,403	16,363,35
Liabilities							
Policyholders' funds	6,500	1,500	8,000	2,756,374	3,043,620	338,296	6,154,290
Retirement benefit obligations	-	-	-	-	-	305,140	305,140
Other liabilities	-	-	-	-	-	1,683,645	1,683,645
Segregated funds' liabilities	-	-	-	4,380,130	-	-	4,380,130
	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	125,319	1,385,333	1,720,683	(2,396,729)	417,826	3,840,148	-

2002

Total assets	315,895	613,809	408,860	2,912,542	3,793,305	2,822,346	10,866,757
Total liabilities	193,546	342,738	41,567	3,879,631	2,549,292	2,500,394	9,507,168
On balance sheet interest sensitivity gap	122,349	271,071	367,293	(967,089)	1,244,013	321,952	1,359,589
Cumulative interest sensitivity	122,349	393,420	660,713	(306,376)	937,637	1,359,589	

The Company
2003

	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	-	30,007	-	261,210	1,752,520	288,844	2,332,581
Originated loans securities	82,092	100,011	109,079	782,663	2,823,584	287,151	4,184,580
Securities purchased under resale agreements	-	485,719	30,169	-	-	-	515,888
Investment properties	-	-	-	-	-	188,956	188,956
Short term deposits	1,523	-	-	-	-	-	1,523
Investments in subsidiaries	-	-	-	-	-	1,184,377	1,184,377
Investment in associates	-	-	-	-	-	4,099	4,099
Cash and bank	44,339	-	-	-	-	-	44,339
Property, plant & equipment	-	-	-	-	-	451,534	451,534
Goodwill	-	-	-	-	-	788,890	788,890
Deferred income taxes	-	-	-	-	-	26,275	26,275
Other assets	-	-	-	-	-	1,189,937	1,189,937

Segregated funds' assets	-	370,657	180,782	1,982,150	224,915	1,490,831	4,249,335	
Total Assets	127,954	986,394	320,030	3,026,023	4,801,019	5,900,894	15,162,314	
Liabilities								
Policyholders' funds	6,500	1,500	8,000	2,497,159	2,377,596	338,196	5,228,951	
Retirement benefit obligations	-	-	-	-	-	300,489	300,489	
Other liabilities	-	-	-	-	-	1,543,391	1,543,391	
Segregated funds' liabilities	-	-	-	-	-	-	4,249,335	-
4,249,335								
	6,500	1,500	8,000	6,746,494	2,377,596	2,182,076	11,322,16	
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	-	

2002

Total assets	275,969	613,809	408,860	2,912,542	2,411,036	3,062,503	9,684,719
Total liabilities	193,546	342,738	141,567	3,786,103	1,734,022	2,098,375	8,296,351
On balance sheet interest sensitivity gap	82,423	271,071	267,293	(873,561)	677,014	964,128	1,388,368
Cumulative interest sensitivity gap	82,423	353,494	620,787	(252,774)	424,240	1,388,368	-

The table summaries the average effective yields by the earlier of the contractual repricing or maturity dates:

The Group and The Company
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	18.30	18.30	18.30	18.30	18.30
Policy loans	17.53	17.53	17.53	17.53	17.53	17.53

Other liabilities	-	-	19.40	19.40	-	19.40
Amounts on Deposit	-	-	-	-	12.75	12.75
Bank overdraft	65.00	-	-	-	-	65.00

2002

	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)	10.71	8.17	3.23	15.91	12.78	12.54
Mortgages (2)	16.25	16.25	16.25	16.25	16.25	16.25
Policy loans	17.50	17.50	17.50	17.50	17.50	17.50
Other liabilities	-	-	18.69	18.69	-	18.69
Amounts on Deposit	-	-	-	-	11.50	11.50
Bank overdraft	20.75	20.75	-	-	-	20.75

(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**	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica	5,745,106	3,826,037	5,002,785	3,438,291
Foreign government	234,616	229,869	-	-
Financial institutions	208,547	267,246	53,081	16,518
United States Dollar equities	549,596	324,554	73,314	-
Corporate equities	169,233	90,815	169,233	90,815
Other	1,450,205	637,852	1,218,748	448,480
	8,357,303	53,761,373	6,517,161	3,994,104

(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

	2003					
	Within 1 Month $'000	**Within 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Assets						
Available-for-sale securities	-	38,525	8,275	261,210	3,564,466	3,872,476
Originated loans securities	135,763	100,055	124,124	775,732	3,349,153	4,484,827
Securities purchased under resale agreements	-	485,719	30,169	-	-	515,888
Investment properties	-	-	-	-	360,234	360,234
Short term deposits	35,283	-	-	-	-	35,283
Investments in associates	-	-	-	-	4,099	4,099
Cash and bank	96,536	-	-	-	-	96,536
Property, plant & equipment	-	-	-	-	457,792	457,792
Goodwill	-	-	-	-	788,890	788,890
Deferred income taxes	-	-	-	-	28,701	28,701
Other assets	493,141	153,546	605,434	86,376	-	1,338,497
Segregated funds' assets	243,281	501,452	180,782	1,982,150	1,472,465	4,380,130
Total assets	1,004,004	1,279,297	948,784	3,105,468	10,025,800	16,363,353
Liabilities						
Policyholders' funds	1,293,495	1,500	8,000	28,000	4,823,295	6,154,290
Retirement benefit obligations	-	-	-	-	305,140	305,140
Other liabilities	442,043	261,920	979,682	-	-	1,683,645
Segregated funds' liabilities	4,380,130	-	-	-	-	4,380,130
Total liabilities	6,115,668	263,420	987,682	28,000	5,128,435	12,523,205
Net Liquidity Gap	(5,111,664)	1,015,877	(38,898)	3,077,468	4,897,365	3,840,148
Cumulative Liquidity Gap	(5,111,664)	(4,095,787)	(4,134,685)	(1,057,217)	3,840,148	

2002

Total assets	2,116,418	228,976	384,078	2,655,792	5,481,493	10,866,757
Total liabilities	5,306,903	342,738	141,567	45,000	3,670,960	9,507,168
Net Liquidity Gap	(3,190,485)	(113,762)	242,511	2,610,792	1,810,533	1,359,589
Cumulative Liquidity Gap	(3,190,485)	(3,304,247)	(3,061,736)	(450,944)	1,359,589	-

The Company

	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Assets						
Available-for-sale securities	-	30,007	261,210	2,041,364	2,332,581	
Originated loans securities	82,092	100,011	109,079	782,663	3,110,735	4,184,580
Securities purchased under resale agreements	-	485,719	30,169	-	-	515,888
Investment properties	-	-	-	-	188,956	188,956
Short term deposits	1,523	-	-	-	-	1,523
Investments in subsidiaries	-	-	-	-	1,184,377	1,184,377
Investments in associates	-	-	-	-	4,099	4,099
Cash and Bank	44,339	-	-	-	-	44,339
Property, plant & equipment	-	-	-	-	451,534	451,534
Goodwill	-	-	-	-	788,890	788,890
Deferred income taxes	-	-	-	-	26,275	26,275
Other assets	444,391	151,255	507,915	86,376	-	1,189,937
Segregated funds' assets	243,281	370,657	180,782	1,982,150	1,472,465	4,249,335
Total assets	815,626	1,137,649	827,945	3,112,399	9,268,695	15,162,314
Liabilities						
Policyholders' funds	1,126,899	1,500	8,000	28,000	4,064,552	5,228,951
Retirement benefit obligations	-	-	-	-	300,489	300,489
Taxation payable	68,427	-	-	-	-	68,427
Other liabilities	342,788	254,008	878,168	-	-	1,474,964
Segregated funds' liabilities	4,249,335	-	-	-	-	4,249,335
Total liabilities	5,787,449	255,508	886,168	28,000	4,365,041	11,322,166
Net Liquidity Gap	(4,971,823)	882,141	(58,223)	3,084,399	4,903,654	3,840,148
Cumulative Liquidity Gap	(4,971,823)	(4,089,682)	(4,147,905)	(1,063,506)	3,840,148	-

2002

Total assets	1,891,464	228,976	2,605,792	4,553,146	9,655,940
Total liabilities	4,982,463	342,738	45,000	2,784,583	8,296,351
Net Liquidity Gap	(3,090,999)	(113,762)	2,560,792	1,768,563	1,359,589
Cumulative Liquidity Gap	(3,090,999)	(3,204,761)	(408,974)	1,359,589	-

(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 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.

	2003			
	The Group			
	Jamaican $	**US$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**
Assets				
Investments				
Available-for-sale	230,503	3,597,787	44,186	3,872,476
Originated loans	3,558,779	926,048	-	4,484,827
Securities purchased under resale agreements	501,390	14,498	-	515,888
Investment properties	188,956	171,278	-	360,234
Short term deposits	35,283	-	-	35,283
Investment in associated companies	4,099	-	-	4,099
Cash and bank	44,540	51,996	-	96,536
Property, plant and equipment	456,765	1,027	-	457,792
Goodwill	788,890	-	-	788,890
Deferred income taxes	28,701	-	-	28,701
Other assets	948,135	255,190	-	1,203,326
Due from parent company	70,597	-	-	70,597
Due from ultimate parent company	64,575	-	-	64,575
Segregated funds'assets	3,864,518	515,612	-	4,380,130
Total assets	10,785,731	5,533,436	44,186	16,363,353
Liabilities				
Policyholders' funds				
Provision for policyholders' liabilities	2,759,792	666,124	-	3,425,916
Amounts on deposit	869,836	417,159	-	1,286,995
Pension funds	1,348,762	92,617	-	1,441,379
Retirement benefit obligations	305,140	-	-	305,140
Taxation payable	68,427	-	-	68,427
Other liabilities	1,516,203	71,592	-	1,587,795
Due to ultimate parent company	27,423	-	-	27,423

Segregated funds' liabilities	4,249,331	130,799	-	4,380,130
Total liabilities	11,144,914	1,378,291	-	12,523,205
Net position	(359,183)	4,155,145	44,186	3,840,148

2002

Total assets	7,174,477	3,677,139	15,141	10,866,757
Total liabilities	8,252,472	1,254,696	-	9,507,168
Net position	(1,077,995)	2,422,443	15,141	1,359,589

2003
The Company

	Jamaican $ J$'000	**US$ J$'000**	**Other J$'000**	**Total J$'000**
Assets				
Investments				
Available-for-sale	230,503	2,057,892	44,186	2,332,581
Originated loans	3,558,779	625,801	-	4,184,580
Securities purchased under resale agreements	501,390	14,498	-	515,888
Investment properties	188,956	-	-	188,956
Short term deposits	1,523	-	-	1,523
Investments in subsidiaries	(14,376)	1,198,753	-	1,184,377
Investment in associated companies	4,099	-	-	4,099
Cash and bank	42,946	1,393	-	44,339
Property, plant and equipment	451,534	-	-	451,534
Goodwill	788,890	-	-	788,890
Deferred income taxes	26,275	-	-	26,275
Other assets	989,736	97,712	-	1,087,448
Due from parent company	37,914	-	-	37,914
Due from ultimate parent company	64,575	-	-	64,575
Segregated funds'assets	3,865,022	384,313	-	4,249,335
Total assets	10,737,766	4,380,362	44,186	15,162,314

Liabilities				
Policyholders' funds				
Provision for policyholders' liabilities	2,759,792	-	-	2,759,792
Amounts on deposit	869,836	250,563	-	1,120,399
Pension funds	1,348,760	-	-	1,348,760
Retirement benefit obligations	300,489	-	-	300,489
Taxation payable	68,427	-	-	68,427
Other liabilities	1,435,062	-	-	1,435,062
Due to ultimate parent company	39,902	-	-	39,902
Segregated funds liabilities	4,249,335	-	-	4,249,335
Total liabilities	11,071,603	250,563	-	11,322,166
Net position	(333,837)	4,129,799	44,186	3,840,148

2002

Total assets	5,509,844	4,130,955	15,141	9,655,940
Total liabilities	6,204,424	2,091,927	-	8,296,351
Net position	(694,580)	2,039,028	15,141	1,359,859

45. 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:

	2003 $'000	2002 $'000
Undisbursed mortgage commitments	421,067	13,071
Undisbursed loan commitments	1,240	850
Capital expenditure	40,501	-
	462,808	13,921

46. Contingent Liabilities

The Group is involved in legal proceedings incidental to the normal conduct of its business. Management believes that none of these legal proceedings, individually or in the aggregate, will have a material effect on the Group.

47. Acquisition

On 31 March 2003, the Company acquired Island Life Insurance Company Limited (Note 1 (e)).

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 of Island Life Insurance Company Limited acquired were as follows:

	The Group and The Company 2003 $'000
Purchase consideration:	
Shares issued in Life of Jamaica Limited (Note 18)	52,403
Share premium on shares issued	1,493,486
	1,545,889
Fair value of net assets acquired	(715,479)
Goodwill (Note 12)	830,410
The assets and liabilities arising from the acquisition were as follows:	
Cash and cash equivalents	1,523
Investment securities	1,845,667
Investment property	160,995
Fixed assets	46,794
Other assets	219,497
Other liabilities	(1,557,997)
Fair value of net assets acquired	715,479
Goodwill	830,410
Total purchase consideration	1,545,889

Post-acquisition profits of $36,173,000 of Island Life Insurance Company Limited have been included in the Group's statement of operations.

48. Amalgamation

At the year-end, LOJ and Island Life amalgamated their operations.

Details of the net assets of Island Life as at 31 December 2003 are as follows:

	The Group and The Company 2003 $'000
Cash and cash equivalents	35,648
Investment securities	
- Available-for-sale	843,201
- Originated loans	1,244,163
Securities purchased under resale agreements	239,698
Property, plant and equipment	189,037
Other assets	227,337
	2,779,084
Less: other liabilities	(1,984,860)
Net assets	794,224

49. Financial Effects of Adopting International Financial Reporting Standards

The Group adopted International Financial Reporting Standards effective 1 January 2002. Prior to that date, the financial statements of the Group and the Company were prepared in accordance with Jamaican Generally Accepted Accounting Principles (JGAAP). The financial statements for the years ended 31 December 2001 and 31 December 2002 (the immediately preceding comparative period) have been restated to reflect the financial position and results under IFRS. The financial effects of conversion from Jamaican GAAP to IFRS are set out as follows:

(i) Effect on stockholders' equity as at 31 December 2001:

	The Group		
	Previous JGAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
ASSETS			
Available-for-sale securities (a)	1,013,930	(170,530)	843,400
Originated loan securities	3,098,733		3,098,733
Investment in Associated Companies	4,093	-	4,093
Property, Plant and Equipment (c)	143,181	54,598	197,779
Investment Properties (d)	84,681	145,087	229,768
Cash and Deposits	61,848	-	61,848
Deferred Tax Asset (e)	-	26,264	26,264
Other Assets	1,104,371	-	1,104,371
Segregated Funds'Assets (f)	-	3,988,045	3,988,045
	5,510,837	4,043,464	9,554,301
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	1,222,308	-	1,222,308
Share premium	128,985	-	128,985
Capital reserve	2,675	-	2,675
Investment and fair value reserves (a), (j)	-	7,778	7,778
Currency translation reserve	123,279	-	123,279
Accumulated deficit (b), (c), (d), (e), (h), (j)	(897,796)	(73,839)	(971,635)
	579,451	(66,061)	513,390
Policyholders' Funds			
Provision for policyholders' liabilities (g)	3,005,858	(661,625)	2,344,233
Amounts on deposit (g)	212,404	661,625	874,029
Pension funds	369,832	-	369,832
	3,588,094	-	3,588,094
Retirement Benefit Obligations (h)	164,961	138,488	303,449

Other Liabilities (i)	1,108,429	52,894	1,161,323
Investment Reserves (j)	69,902	(69,902)	-
Segregated Funds' Liabilities (f)	-	3,988,045	3,988,045
	5,510,837	4,043,464	9,554,301

(ii) Effect on stockholders' equity as at 31 December 2001:

The Company

	Previous JGAAP $'000	**Effect of Transition to IFRS $'000**	**IFRS $'000**
ASSETS			
Available-for-sale securities (a)	731,493	17,495	748,988
Originated loan securities	2,468,477	-	2,468,477
Investment in Subsidiaries (b)	671,033	50,141	721,174
Investment in Associated Companies	4,093	-	4,093
Property, Plant and Equipment (c)	133,207	-	133,207
Investment Properties (d)	84,681	8,346	93,027
Cash and Deposits	39,975	-	39,975
Deferred Tax Assets (e)	-	23,751	23,751
Other Assets	470,624	-	470,624
Segregated Funds'Assets (f)	-	3,408,064	3,408,064
	4,603,583	3,507,797	8,111,380
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	1,222,308	-	1,222,308
Share premium	128,985	-	128,985
Capital reserve	2,675	-	2,675
Investment and fair value reserves (a), (j)	-	7,778	7,778
Currency translation reserve	123,279	-	123,279
Accumulated deficit (b), (c), (d), (e), (h),(j)	(897,796)	(73,839)	(971,635)

	579,451	(66,061)	513,390
Policyholders' Funds			
Provision for policyholders' liabilities (g)	2,502,490	(661,625)	1,840,865
Amounts on deposit (g)	75,729	661,625	737,354
Pension funds	369,832	-	369,832
	2,948,051	-	2,948,051
Retirement Benefit Obligations (h)	164,961	130,949	295,910
Other Liabilities (i)	893,071	52,894	945,965
Investment Reserves (j)	18,049	(18,049)	-
Segregated Funds' Liabilities (f)	-	3,408,064	3,408,064
	4,603,583	3,507,797	8,111,380

(iii) Effect on stockholders' equity as at 31 December 2002:

	The Group		
	Previous JGAAP $'000	**Effect of Transition to IFRS $'000**	**IFRS $'000**
ASSETS			
Available-for-sale securities (a)	2,767,693	(115,417)	2,652,276
Originated loan securities	2,724,097	-	2,724,097
Securities Purchased under Resale Agreements	81,359	-	81,359
Investment in Associated Companies	4,105	-	4,105
Property, Plant and Equipment	129,173	-	129,173
Investment Properties (d)	103,265	154,193	257,458
Cash and Deposits	315,895	-	315,895
Deferred Tax Assets (e)	-	32,247	32,247
Other Assets	790,516	-	790,516
Segregated Funds'Assets (f)	-	3,879,631	3,879,631
	6,916,103	3,950,654	10,866,757
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	1,222,308	-	1,222,308
Share premium	128,985		128,985

Capital reserve	2,675		2,675
Investment and fair value reserves (a),(f)	19,957	(87,208)	(67,251)
Currency translation reserve (b)	181,745	4,371	186,116
Special investment reserve	16,724	-	16,724
Accumulated deficit (b), (c), (d), (e), (h),(j)	(84,770)	(45,198)	(129,968)
	1,487,624	(128,035)	1,359,589
Policyholders' Funds			
Provision for policyholders' liabilities (g)	3,254,077	(677,851)	2,576,226
Amounts on deposit (g)	223,790	677,851	901,641
Pension funds	546,036	-	546,036
	4,023,903	-	4,023,903
Retirement Benefit Obligations (h)	132,148	192,760	324,908
Other Liabilities (i)	1,226,088	52,638	1,278,726
Investment Reserves (j)	46,340	(46,340)	-
Segregated Funds' Liabilities (f)	-	3,879,631	3,879,631
	6,916,103	3,950,654	10,866,757

(iv) Effect on stockholders' equity as at 31 December 2002

The Company

	Previous JGAAP $'000	**Effect of Transition to IFRS $'000**	**IFRS $'000**
ASSETS			
Available-for-sale securities (a)	1,529,805	114,955	1,644,760
Originated loan securities	2,349,344	-	2,349,344
Securities Purchased under Resale Agreements	81,359		81,359
Investment in Subsidiaries (b)	693,705	(70,216)	623,489
Investment in Associated Companies	4,105		4,105
Property, Plant and Equipment (c)	121,433	-	121,433
Investment Properties (d)	103,265	8,346	111,611
Cash and Deposits	247,190	-	247,190
Deferred Tax Assets (e)	-	28,058	28,058
Other Assets	658,488	-	658,488

Segregated Funds'Assets (f)	-	3,786,103	3,786,103
	5,788,694	3,867,246	9,655,940
STOCKHOLDERS' EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	1,222,308		1,222,308
Share premium	128,985		128,985
Capital reserv	2,675		2,675
Investment and fair value reserves (a),(f)	19,957	(87,208)	(67,251)
Currency translation reserve (b)	181,745	4,371	186,116
Special investment reserve	16,724	-	16,724
Accumulated deficit (b), (c), (d), (e), (h), (f)	(84,770)	(45,198)	(129,968)
	1,487,624	(128,035)	1,359,589
Policyholders' Funds			
Provision for policyholders' liabilities (g)	2,580,455	(677,851)	1,902,604
Amounts on deposit (g)	82,142	677,851	759,993
Pension funds	481,241	-	481,241
	3,143,838	-	3,143,838
Retirement Benefit Obligations (h)	132,148	186,448	318,596
Other Liabilities (i)	989,225	58,589	1,047,814
Investment Reserves (j)	35,859	(35,859)	-
Segregated Funds' Liabilities (f)	-	3,786,103	3,786,103
	5,788,694	3,867,246	9,655,940

(v) Reconciliation of net profit at 31 December 2002

	Previous JGAAP $'000	**The Group Effect of Transition to IFRS $'000**	**IFRS $'000**
Income			
Premium earned, net	2,898,772	-	2,898,772
Investment (b), (j), (k)	509,662	83,559	593,221
Net fee and commission income	315,885	-	315,885

Net gain on co-insurance	146,481	-	146,481
Other operating income (b), (j), (k)	50,603	33,927	84,530
	3,921,403	117,486	4,038,889
Benefits and Expenses			
Policyholders' benefits and reserves	1,446,655	-	1,446,655
Administrative expenses (c)	314,867	(1,769)	313,098
Commission and sales expenses	485,383		485,383
Co-insurance distribution	28,582		28,582
Changes in policyholders' liabilities	193,975	-	193,975
Salaries, pension contributions and other staff benefit (h),(i)	494,890	67,577	562,467
Restructuring costs	107,168		107,168
	3,071,520	65,808	3,137,328
Operating Profit	849,883	51,678	901,561
Transfer from investment reserve	29,023	(29,023)	-
Operating Profit before Taxation	878,906	22,655	901,561
Taxation (e)	(49,154)	5,984	(43,170)
NET PROFIT	829,752	28,639	858,391

(vi) Reconciliation of net profit at 31 December 2002

		The Company	
	Previous JGAAP $'000	**Effect of Transition to IFRS $'000**	**IFRS $'000**
Income			
Premium earned, net	2,730,204	-	2,730,204
Investment (j), (k)	471,151	23,814	494,965
Net fee and commission income	315,885	-	315,885
Net gain on co-insurance	146,481	-	146,481
Other operating income	43,898		43,898
	3,707,619	23,814	3,731,433
Benefits and Expenses			

Policyholders' benefits and reserves	1,312,288		1,312,288
Administrative expenses	342,639		342,639
Commissions and sales expenses	459,888		459,888
Changes in policyholders' liabilities	61,739		61,739
Go-insurance distribution	28,582		28,682
Salaries, pension contributions and other staff benefits (h),(i)	478,611	68,809	547,420
Restructuring costs	107,168	-	107,168
	2,790,915	68,809	2,859,724
Operating Profit	916,704	(44,995)	871,709
(Loss profit of life subsidiary (b)	(32,990)	64,816	31,826
Loss of non-life subsidiary (b)	(3,199)	2,902	(297)
	880,515	22,723	903,238
Transfer to investment reserve	(1,609)	1,609	-
Operating Profit before Taxation	878,906	24,332	903,238
Taxation (e)	(49,154)	4,307	(44,847)
NET PROFIT	829,752	28,639	858,391

Brief descriptions of each item of difference:

(a) Financial assets classified as originated loans and available-for-sale under IFRS are carried at their amortised cost and fair values respectively. Originated loans are carried at their amortised cost using the effective yield method. The unrealised gains/losses as a result of the re-measurement of the available-for-sale securities to fair value are recognised in the investment and fair value reserve.

(b) Adjustments to the Company's share of equity of its subsidiaries due to IFRS adjustments in those companies resulted in adjustments of $70,216,000 (2001 - $50,141,000) for the Company.

(c) Property occupied by a former subsidiary, ASICO, was transferred from investment property to property, plant and equipment which amounted to $nil (2001 - $54,598,000) for the Group. Depreciation amounted to $1,769,000 (2001 - $3,318,000).

(d) The Company has opted to use the fair value model in measuring its investment properties. As a result, provisions for future selling costs of $8,346,000 (2001 - $8,346,000) were adjusted for the Group and the Company. Real estate of $145,847,000 (2001 - $136,741,000), for the Group, previously classified as investments under JGAAP was transferred to investment property.

(e) Provision for deferred taxation is made in full using the liability method. Deferred tax, which was recognised as a result of the pension and post retirement benefits, accelerated tax depreciation and other temporary differences, amounted to $32,247,000 (2001 - $26,264,000) for the Group and $28,058,000 (2001 - $23,751,000) for the Company.

(f) Segregated assets and liabilities treated as off-balance sheet items were included in the Company's and the Group's financial statements as they qualify as assets and liabilities under IFRS.

(g) The guaranteed investor plan offered by the Company is primarily a financial instrument as defined by IAS 39, with minimal insurance cover. As a result, the amounts in relation to this plan of $677,851,000 (2001 - $661,625,000) have been reclassified from the policyholders' liabilities to amounts on deposit.

(h) Provision for pension benefits which was not required under previous GAAP, is now made in full. The provision for pension obligations is determined by independent actuaries using the Projected Unit Credit Method. Amounts had been previously recorded by the Group in relation to these benefits. Accordingly, the differences adjusted in the balance sheet for the Group and the Company's pension scheme and post retirement benefit obligations based on the latest actuarial valuations were $192,760,000 (2001 - $138,488,000) and $186,448,000 (2001 - $130,949,000) respectively.

(i) Under 1AS 19, companies are required to recognise outstanding vacation due to employees. As a result, accrued vacation outstanding for 2002 amounted to $5,695,000 for the Group and the Company. Adjustments in relation to pension accruals in 2001 of $52,894,000 for the Company were adjusted in accordance with IAS 19.

Unrealised gains and losses on investment property, and transfers between the statement of operations amounting to $46,340,000 (2001 - $69,902,000) for the Group and $35,859,000 (2001 - $18,049,000) have been appropriately treated in accordance with 1AS 40.

(k) The fair value of interest earned on concessionary mortgages granted to staff resulted in adjustments of $7,614,000 (2001 - $7,170,000) for the Company.

50. Subsequent Events

(a) Subsequent to the year end, one of the company's subsidiaries, Global Life Assurance Company Limited acquired the Cayman Island's individual life and group life portfolio of Capital Life Insurance Company Limited,a subsidiary of Sagicor Life Inc.

(b) Subsequent to the year-end, the Company announced its intention to acquire the insurance business of First Life Insurance Company (First Life) along with First Life's shareholding in Pan Caribbean Financial Services Limited. Both parties have also signed a Memorandum of Understanding supporting their intention.