

LIFE OF JAMAICA LTD.

THREE MONTHS ENDED MARCH 31, 2003

Interim report to shareholders for the quarter ended March 31, 2003

The Directors of Life of Jamaica are pleased to present the unaudited consolidated results for the quarter ended March 31, 2003. The company recorded profits for the period of \$221 million, \$144 million higher than profits for the same period last year of \$77 million.

The performance for the quarter reflects significant earnings growth over the same period last year, which results primarily from strong investment performance, increased operational efficiency and favourable claims and persistency experience.

The total assets of the Group at the end of the quarter amounted to \$10.5 billion, up 55% over total assets at the end of 2002 of \$6.8 billion, due mainly to the acquisition of Island Life. Total funds under management have increased from \$23 billion to \$28 billion, an increase of 22%

Shareholders funds grew by 137% during the quarter to \$3.0 billion due in part to the purchase of Island Life by way of an issue of Life of Jamaica shares. The performance for the quarter reflects a return on equity of 29%.

Total new sales for the quarter amounted to \$200 million, \$72 million or 57% higher than the level of new sales for the same period last year.

UNAUDITED CONSOLIDATED RESULTS

THOUSANDS OF DOLLARS
UNAUDITED

	The Company		The Group	
	MARCH	MARCH	MARCH	MARCH
	2003	2002	2003	2002
GROSS INCOME	1,120,669	873,922	1,257,305	940,719
TOTAL BENEFITS & EXPENSES	(877,181)	(778,647)	(1,011,775)	(845,349)
OPERATING PROFIT	243,488	95,275	245,530	95,370
TRANSFER FROM INVESTMENT RESERVE	0	0	0	1,190
PROFIT BEFORE TAXATION	243,488	95,275	245,530	96,560
TAXATION	(22,643)	(17,764)	(24,685)	(19,049)
PROFIT AFTER TAXATION	220,845	77,511	220,845	77,511
NET PROFIT FOR THE YEAR	220,485	77,511	220,845	77,511

Profit per ordinary stock unit

Basic	0.0884	0.0468
Fully diluted	0.0864	0.0393

On behalf of the Board

M.G. Maclure President
J.A. Bethell Chairman

CONSOLIDATED BALANCE SHEET

		THOUSANDS OF DOLLARS	
		AUDITED	
		MARCH	DECEMBER
		2003	2002
SHAREHOLDERS' FUNDS			
Share Capital		249,728	1,222,308
Share Premium		2,647,454	128,985
Capital Redemption Reserve Fund		2,675	2,675
Retained Earnings	1	152,801	(68,044)
		<u>3,052,658</u>	<u>1,285,924</u>
POLICYHOLDERS' FUNDS			
Provision for policyholders' liabilities	2	3,839,126	3,216,060
Policyholder amounts on deposit		351,456	223,790
Pension Funds		1,317,733	546,036
Other policyholders Funds		114,333	38,017
		<u>5,622,648</u>	<u>4,023,903</u>
INVESTMENT RESERVES		301,268	248,043
OTHER LIABILITIES		1,553,848	1,242,653
Represented By:		<u>10,530,422</u>	<u>6,800,523</u>
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INVESTMENTS			
Real Estate		419,312	249,112
Equities		556,920	458,047

Government and other fixed interest securities	6,695,446	4,307,634
Unit Trust	14,621	14,621
Short term loans & deposits	289,917	169,128
Mortgages	172,482	133,538
Policy Loans	469,830	342,335
	<u>8,645,528</u>	<u>5,674,415</u>
INVESTMENT IN ASSOCIATED COMPANIES	4,105	4,105
GOODWILL	579,539	
FIXED ASSETS	198,778	129,173
OTHER ASSETS	1,102,472	992,830
	<u>10,530,422</u>	<u>6,800,523</u>
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On behalf of the Board

M. G. Maclure President

J.A. Bethell Chairman

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS

	Share Capital	Share Premium	Capital Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 31 December 2001	1,222,308	128,985	2,675	897,796	456,172
Net profit for the year	-	-	-	(829,752)	829,752
Balance at 31 December 2002	122,308	128,985	2,675	68,044	1,285,924
Issue Island Life shares	52,403	1,493,486	-	-	1,545,889
Conversion of Preference shares	(1,024,983)	1,024,983	-	-	0
Net profit for the quarter	-	-	-	220,845	220,845
Balance at 31 March 2003	249,728	2,647,454	2,675	152,801	3,052,658

CASH FLOW TO MARCH 31, 2003

	MARCH	AUDITED
	2003	DECEMBER
	2003	2002
Cash flows from operating activities	220,845	829,752
Net profit	132,846	422,813
Net movement in policyholders fund	353,691	1,252,565
Adjustment to convert income and expense to cash flows:		
Transfer from investment reserves		(29,023)
Depreciation	11,918	37,538
Goodwill w/o	49,179	-

(Gain)/loss on disposal of fixed assets	2,758	(1,716)
Unrealised translation adjustments	76,316	71,830
	<u>493,862</u>	<u>1,331,194</u>
Decrease/(increase) in other assets	(96,032)	427,436
(Decrease)/increase in other liabilities	168,477	(68,276)
Net cash provided by operating activities	<u>566,307</u>	<u>1,690,354</u>
Cash flows from investing activities:		
Net Purchase of investments	(750,769)	(1,450,640)
Additions to fixed assets	(33,153)	(26,866)
Proceeds on sale of fixed assets	1,012	5,181
Acquisition of subsidiary	11,941	
Net cash used by investing activities	<u>(772,969)</u>	<u>(1,472,325)</u>
Cash flows from financing activities:		
Associated companies	-	(12)
Net cash provided by financing activities	<u>-</u>	<u>(12)</u>
Net (decrease)/increase in cash resources	(202,662)	218,017
Cash resources at beginning of year	206,625	(11,392)
Cash resources at end of period	<u>(37)</u>	<u>206,625</u>
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PROFIT & LOSS ACCOUNT

	THOUSANDS OF DOLLARS	
	MARCH	DECEMBER
	2003	2002
Balance at beginning of Year	(68,044)	(897,796)
Net profit for the period	220,845	829,752
Balance at March 31	152,801	(68,044)

NOTE 2

Provisions for future policyholders' liabilities

	THOUSANDS OF DOLLARS	
	MARCH	DECEMBER
	2003	2002
Balance at Beginning of Year	3,216,062	3,005,858
Adjustments on acquisition of Subsidiaries	556,627	0
Normal change in Provision	66,437	210,204
Net adjustment	623,064	210,204
Balance at March 31	3,839,126	3,216,062

NOTE 3

MANAGED SEGREGATED POLICY FUNDS	5,687,260	3,844,960
MANAGED PENSION FUNDS	12,708,353	12,154,563