Life of Jamaica Limited

Interim Report to Stockholders
for the period
January to June 2007

Interim Report to our Stockholders for the period January to June 2007:

On behalf of the Board of Directors, we are pleased to present the un-audited consolidated financial statements for Life of Jamaica Limited (LOJ) for the period January to June 2007.

The LOJ Group generated net profits attributable to Stockholders of $1.21 billion for the period under review. This outcome was 3% higher than the $1.17 billion for the same period in 2006 and was in line with the 2007 year-to-date profit target. Basic earnings per share for the period was flat at $0.32 compared to 2006. The 2006 profits benefited from a substantial release of actuarial reserves on improved matching of assets profiles with that of the liabilities. The annualized return on Stockholders' equity was 17%.

The LOJ Group continues to generate strong Life Insurance and Employee Benefits new business. However, there has been a noticeable increase in claims ratios in some segments, especially health insurance. Management expects a stronger earnings performance in the second half of the year.

Revenues for the 2007 period were $8.14 billion, up 14% on the 2006 amount of $7.16 billion. The major generators of revenue for the Group all showed good improvement. Individual Life earned premiums rose 18%, up from $2.05 billion to June 2006 to $2.43 billion for the current period. Employee Benefits earned premiums also improved from $2.84 billion to $3.03 billion, an increase of 7%. Influenced by significant securities trading gains during the first quarter, net investment income posted a 33% increase from $1.54 billion to $2.04 billion. The main Non-Life subsidiary, Pan Caribbean Financial Services, reported net profits of $545.7 million compared to $542.1 million in 2006 with EPS remaining at $1.01.

LOJ's critical performance ratios indicate the company's core business continues to be strong and is operating within expected parameters. At the consolidated level, administration expenses to total revenue remain stable at 23% when compared to the first half of last year. The ratio of commissions to earned premiums increased marginally to 14.6% from 14.2% to June 2006. The ratio of benefits to premiums, net of reinsurance, improved from 52.4% in 2006 to 51.3% in 2007.

The book value of Stockholders' Equity as at June 30, 2007 was $15.07 billion compared to $14.41 billion as at December 31, 2006, a 5% growth. Total assets of the Group reached $85.46 billion, an 8% growth on the December 31, 2006 total assets amount of $79.06 billion. Total assets under management, including pension funds, were $131.51 billion, up from $120.88 billion at December 2006 (9% growth).

In June, we officially opened the Winchester Business Centre where we have constructed for sale 96,000 square feet of light commercial and office space. We have received deposits for 75% of the units and we expect to deliver titles and recognize income from sales in the third quarter.

The number of ordinary shares in issue grew from 3,730,244,258 at December 2006 to 3,745,179,793 at the end of June 2007, as a result of 14,935,535 shares being issued to staff as part of the staff share purchase plan and some share options being exercised. At June 31, 2007, LOJ's market capitalization was $26.97 billion, down 18% from $32.86 billion at December 2006. At June 31, 2007 the LOJ share price was $7.20 as against $7.74 at March 31, 2007 and $8.81 at December 31, 2006, a consequence of the retreating stock market. During April 2007, LOJ made a dividend payment to stockholders of $0.15 per share or $561.78 million.

Our efforts will remain keenly focused on operational efficiency and strategies to ensure our sales and earnings targets for the year are met.

On behalf of the Board of Directors:

Dodridge D. Miller
Chairman
August 3, 2007

Richard O. Byles
President & CEO

Life of Jamaica Limited
Consolidated Balance Sheet
as at June 30, 2007
(Expressed in thousands of Jamaican dollars)

	June-07 Unaudited	June-06 Unaudited	December-06 Audited
Assets:			
Financial Assets at fair value through income	1,607,803	1,262,769	1,513,339
Available-for-sale securities	52,522,723	43,532,901	48,176,776
Loans and receivables	9,643,494	7,474,792	8,226,426
Securities purchased under resale agreements	1,646,109	2,744,594	1,327,702
Short term deposits	587,497	288,439	694,834
Investment properties	470,408	597,409	441,023
Investment in associated companies	2,725	2,725	2,725
	66,480,759	55,903,629	60,382,825
Cash resources	1,269,305	1,261,240	1,993,534
Property, plant and equipment	895,890	629,502	849,585
Intangible assets	5,203,316	5,537,539	5,363,681
Income tax assets	589,236	499,682	672,912
Reinsurance assets	1,232,971	1,026,357	1,188,925
Miscellaneous assets and receivables	3,964,957	3,632,912	2,977,478
Segregated funds' assets	5,824,424	5,114,724	5,629,274
	18,980,099	**17,701,956**	**18,675,389**
Total Assets	**85,460,858**	**73,605,585**	**79,058,214**
Liabilities:			
Insurance and annuity liabilities	5,852,194	5,136,122	5,270,647
Investment contracts liabilities	4,925,053	4,428,463	4,657,895
Other policy liabilities	2,565,142	2,054,449	2,484,231
	13,342,389	11,619,034	12,412,773
Securities sold under repurchase agreement	34,882,244	30,174,909	31,747,734
Customer Deposits	4,980,528	3,869,062	4,472,809
Due to Banks and other Financial Institutions	3,802,374	2,512,932	2,669,099
Provisions	93,856	-	82,500
Income tax liabilities	366,907	634,760	692,459
Accounts payable and accrued liabilities	2,434,188	2,805,239	2,353,398
Segregated funds' liabilities	5,824,424	5,114,724	5,629,274
	52,384,521	45,111,626	47,647,273
Total liabilities	**65,726,910**	**56,730,660**	**60,060,047**
Equity:			
Capital and reserves attributable to the Company's stockholders			
Share Capital	7,766,064	7,654,212	7,654,212
Investment and other reserves	1,474,628	576,954	1,580,096
Retained earnings	5,829,068	4,422,314	5,177,479
	15,069,760	12,653,480	14,411,787
Minority interest in subsidiaries	4,664,188	4,221,445	4,586,380
	19,733,948	**16,874,925**	**18,998,167**
Total Liabilities and Equity	**85,460,858**	**73,605,585**	**79,058,214**

On behalf of the Board:

Dodridge D. Miller
Chairman
August 3, 2007

Richard Byles
President & CEO

Consolidated Statement of Operations
for the period January to June, 2007
(Expressed in thousands of Jamaican dollars)

	June -07 Quarter Unaudited	June -07 Year-to-date Unaudited	June -06 Quarter Unaudited	June-06 Year-to-date Unaudited	December-06 Full year Audited	YTD Variance June '07 vs '06
Revenues:						
Gross premium revenue	3,183,994	6,554,514	2,955,109	5,655,266	11,877,893	16%
Reinsurance premiums ceded	(629,214)	(1,321,525)	(557,946)	(890,489)	(2,009,545)	-48%
Net premium revenue	**2,554,780**	**5,232,989**	**2,397,163**	**4,764,777**	**9,868,348**	**10%**
Net investment income	986,876	2,043,322	810,575	1,537,663	3,594,220	33%
Fees, commissions and other revenues	490,746	860,396	466,546	860,941	1,306,016	0%
Total revenue	**4,032,402**	**8,136,707**	**3,674,284**	**7,163,381**	**14,768,584**	**14%**
Benefits and expenses:						
Insurance benefits incurred	1,437,683	2,807,880	1,384,346	2,693,257	5,354,589	-4%
Insurance benefits reinsured	(45,324)	(125,817)	(141,302)	(198,174)	(402,940)	-37%
Net Insurance benefits incurred	**1,392,359**	**2,682,063**	**1,243,044**	**2,495,083**	**4,951,649**	**-7%**
Changes in insurance and annuity liabilities	138,248	560,443	63,455	229,642	272,390	-144%
Administration expenses	944,406	1,823,694	842,283	1,621,932	3,383,424	-12%
Commissions and related expenses	486,387	958,571	411,268	801,711	1,818,297	-20%
Depreciation	32,559	61,743	27,582	54,475	128,438	-13%
Amortization of intangible assets	96,433	191,096	93,761	188,210	398,004	-2%
Finance cost	6,849	13,636	5,664	9,264	22,986	-47%
Total benefits and expenses	**3,097,241**	**6,291,246**	**2,687,057**	**5,400,317**	**10,975,188**	**-16%**
Profit before taxation	935,161	1,845,461	987,227	1,763,064	3,793,396	5%
Taxation	(206,200)	(398,419)	(204,064)	(349,669)	(740,148)	-14%
Profit after taxation	**728,961**	**1,447,042**	**783,163**	**1,413,395**	**3,053,248**	**2%**
Net profit attributable to:						
Shareholders of the company	621,921	1,213,365	664,108	1,174,777	2,572,216	3%
Minority interest	107,040	233,677	119,055	238,618	481,032	-2%
Net profit for period	**728,961**	**1,447,042**	**783,163**	**1,413,395**	**3,053,248**	**2%**
Earnings per share for profit attributable to stockholders:						
- Basic	$0.17	$0.32	$0.18	$0.32	$0.69	0%
- Fully diluted	$0.16	$0.31	$0.17	$0.30	$0.68	3%

Life of Jamaica Limited
Consolidated Statement of Changes in Shareholders' Equity
for the period January to June 30, 2007
(Expressed in thousands of Jamaican dollars)

	Share Capital	Investment & Fair Value Reserves	Currency Translation Reserve	Other Reserve	Retained Earnings	Minority Interest	Total
Year ended December 31, 2006:							
Balance as at January 1, 2006, as restated	7,547,679	(53,404)	389,839	108,668	3,659,266	4,074,905	15,726,953
Unrealised gains on revaluation of owner-occupied properties	-	23,554	-	-	-	-	23,554
Currency translation differences	-	(2,753)	71,284	-	-	21,893	90,424
Unrealised gains on available-for-sale securities	-	1,274,582	-	-	-	241,543	1,516,125
Gains recycled to revenue on disposal and maturity of available-for-sale securities	-	(293,896)	-	-	-	(115,896)	(409,792)
Net gains/(losses) not recognised in the statement of operations	-	1,001,487	71,284	-	-	147,540	1,220,311
Net profit	-	-	-	-	2,572,216	481,032	3,053,248
Total income/(expense) recognised for 2006	-	1,001,487	71,284	-	2,572,216	628,572	4,273,559
Transfer to retained earnings	-	-	-	26,610	(26,610)	-	-
Transfer to special investment reserve	-	39,130	-	-	(39,130)	-	-
Adjustment between regulatory loan provisioning and IFRS	-	-	-	(18,894)	18,894	-	-
Provision utilised	-	-	-	(672)	-	(604)	(1,276)
Employee share option scheme - value of services provided	-	-	-	16,048		5,634	21,682
Issue of shares	106,533	-	-	-	-	51,681	158,214
Dividend paid to minorities	-	-	-	-	-	(173,808)	(173,808)
Dividends	-	-	-	-	(1,007,157)	-	(1,007,157)
Balance as at December 31, 2006	7,654,212	987,213	461,123	131,760	5,177,479	4,586,380	18,998,167
Period ended June 30, 2007:							
Balance as at January 1, 2006, as restated	7,654,212	987,213	461,123	131,760	5,177,479	4,586,380	18,998,167
Unrealised gains on revaluation of owner-occupied properties	-	36,188	-	-	-	-	36,188
Currency translation differences		1,233	29,822			12,592	43,647
Unrealised gains on available-for-sale securities		111,971				65,032	177,003
Gains recycled to revenue on disposal and maturity of available-for-sale securities		(292,303)				(88,235)	(380,538)
Net gains/(losses) not recognised in the statement of operations	-	(142,911)	29,822	-	-	(10,611)	(123,700)
Net profit					1,213,365	233,677	1,447,042
Total income/(expense) recognised for the period ended March 2007	-	(142,911)	29,822	-	1,213,365	223,066	1,323,342
Provision utilised	-	-	-	(68)	-	(61)	(129)
Employee share option scheme - value of services provided	-	-	-	12,015	-	4,057	16,072
Employee share options excercised	8,652	-	-	(4,326)			4,326
Issue of shares	103,200	-	-		-		103,200
Dividend paid to minorities	-	-	-	-	-	(149,254)	(149,254)
Dividends	-	-	-	-	(561,776)	-	(561,776)
Balance as at June 30, 2007	7,766,064	844,302	490,945	139,381	5,829,068	4,664,188	19,733,948

Life of Jamaica Limited
Consolidated Statement of Cash Flows
for the period January to June 30, 2007
(Expressed in thousands of Jamaican dollars)

	June -07 Year-to-date Unaudited	June-06 Year-to-date Unaudited	December-06 Full year Audited
Cash Flows from operating activities:			
Net profit	1,447,042	1,413,395	3,053,248
Items not affecting cash	(436,013)	(684,794)	(1,787,405)
Changes in operating assets and liabilities	(3,321,283)	(3,046,005)	(2,744,423)
Interest received	3,380,407	2,972,124	6,506,786
Interest paid	(2,010,616)	(1,887,216)	(3,675,160)
Income taxes paid	(203,217)	(169,046)	(626,263)
Cash generated from operating activities	**(1,143,680)**	**(1,401,542)**	**726,783**
Cash Flows from investing activities:			
Property, plant and equipment, net	(62,501)	(54,643)	(142,929)
Intangible assets, net	(7,930)	(25,749)	(55,244)
Cash used in investing activities	**(70,431)**	**(80,392)**	**(198,173)**
Cash Flows from financing activities:			
Dividends paid to stockholders	(560,387)	(414,588)	(1,011,605)
Dividend paid to minority interest	(113,171)	(45,327)	(173,808)
Ordinary shares issued	111,852	106,533	106,533
Proceeds from loans, net	(210,059)	663,914	596,402
Cash provided by/(used in) financing activities	**(771,765)**	**310,532**	**(482,478)**
Net (decrease) / increase in net cash and cash equivalents	**(1,985,876)**	**(1,171,402)**	**46,132**
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of year	4,863,664	4,714,098	4,714,098
Effects of exchange rate changes	16,024	9,139	103,434
(Decrease) / increase in net cash and cash equivalents	(1,985,876)	(1,171,402)	46,132
Net cash and cash equivalents, at end of year	**2,893,812**	**3,551,835**	**4,863,664**

Life of Jamaica Limited
Consolidated Segmental Financial Information
for the period January to June 30, 2007
(Expressed in thousands of Jamaican dollars)

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 organized into five primary business segments, these are:

a) Individual Life Services – This includes provision of life insurance services to individuals.
b) Employee Benefits Services – This includes group and creditor life, personal accident, group annuities, pension funds investment and administration services and the administration of trust accounts.
c) Banking and Asset Management Service – This includes development banking; merchant banking and asset management.
d) General Insurance Services – This includes property and casualty insurance.
e) Other Services – This includes captives management, property management and Stockholders funds.

	Individual Life Services	Employee Benefits Services	General Ins. Services	Banking and Asset Management Services	Other Services	Eliminations	June-07 Group
Total Revenue	2,647,503	3,604,015	243,049	1,205,641	502,604	(66,105)	8,136,707
Amortization of purchased intangibles	-	(42,374)	(7,128)	(109,355)	-	-	(158,857)
Benefits and expenses	(2,050,023)	(3,125,410)	(203,031)	(455,839)	(340,703)	56,253	(6,118,753)
Finance costs	-	(6,818)	(6,818)	-	(9,852)	9,852	(13,636)
Profit / (loss) before tax	597,480	429,413	26,072	640,447	152,049	-	1,845,461
Taxation	(104,524)	(62,084)	-	(204,140)	(27,671)	-	(398,419)
Profit / (loss) after taxation	492,956	367,329	26,072	436,307	124,378	-	1,447,042
Segment Assets -							
Intangible assets	1,263,308	1,434,587	373,254	2,132,142	25	-	5,203,316
Other assets	16,364,431	12,663,991	3,065,390	49,015,426	55,471	(935,564)	80,229,145
	17,627,739	14,098,578	3,438,644	51,147,568	55,496	(935,564)	85,432,461
Unallocated Assets -							
Investment in associates							2,725
Deferred tax assets							12,256
Retirement benefit assets							13,416
Total Assets							85,460,858
Segment Liabilities	12,432,510	9,421,069	2,069,929	42,037,511	100,098	(935,564)	65,125,553
Unallocated Liabilities -							
Deferred tax liabilities							309,380
Retirement benefit obligations							291,977
Total Liabilities							65,726,910

	Individual Life Services	Employee Benefits Services	General Ins. Services	Banking and Asset Management Services	Other Services	Eliminations	June-06 Group
Total Revenue	2,455,193	3,224,907	210,395	1,125,288	204,129	(56,531)	7,163,381
Amortization of purchased intangibles	-	(42,323)	(7,077)	(111,519)	-	-	(160,919)
Benefits and expenses	(1,785,966)	(2,677,025)	(178,550)	(401,822)	(227,402)	40,632	(5,230,133)
Finance costs	-	(5,918)	(5,918)	-	(13,328)	15,899	(9,265)
Profit / (loss) before tax	669,227	499,641	18,850	611,947	(36,601)	-	1,763,064
Taxation	(106,660)	(61,610)	-	(181,399)	-	-	(349,669)
Profit / (loss) after taxation	562,567	438,031	18,850	430,548	(36,601)	-	1,413,395
Segment Assets -							
Intangible assets	1,276,955	1,494,618	413,169	2,352,762	35	-	5,537,539
Other assets	15,490,459	8,200,961	2,381,853	42,061,384	83,548	(191,318)	68,026,887
	16,767,414	9,695,579	2,795,022	44,414,146	83,583	(191,318)	73,564,426
Unallocated Assets -							
Investment in associates							2,725
Deferred tax assets							21,729
Retirement benefit assets							16,705
Total Assets							73,605,585
Segment Liabilities	13,036,993	6,399,652	1,535,396	35,339,429	105,542	(191,318)	56,225,694
Unallocated Liabilities -							
Deferred tax liabilities							217,271
Retirement benefit obligations							287,695
Total Liabilities							56,730,660

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

	Jamaica	Grand Cayman	June-07 Group
Total Revenue	6,993,731	1,142,976	8,136,707
Total Assets	77,598,278	7,862,580	85,460,858
	Jamaica	**Grand Cayman**	**June-06 Group**
Total Revenue	6,197,426	965,955	7,163,381
Total Assets	66,682,469	6,923,116	73,605,585

Explanatory Notes

1. Significant Accounting Policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) which includes International Accounting Standards (IAS) and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment property, certain property plant and equipment and financial assets held at fair value through income.

(b) Basis of consolidation

Subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Group and are no longer consolidated from the date on which control ceases. The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated.

Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. Under this method the company's share of the post-acquisition profits or losses of associates is recognized in the statement of operations and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the company's interest in the associate; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) 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.

(d) *Investments*

Investments are classified as financial assets at fair value through income, available-for-sale financial assets or loans and receivables, as determined by management at the time of purchase.

Financial assets at fair value through income consist of held-for-trading securities. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking or if so designated by management.

Available-for-sale securities are initially recognized at cost and are subsequently re-measured at their fair value based on quoted bid prices. If the market for a financial asset is not active the Group establishes fair values by using valuation techniques. Unrealized gains and losses arising from changes in fair value of securities classified as available-for-sale are deferred to Investments and Fair Value Reserves. When the securities are disposed of or impaired, the related accumulated unrealized gains or losses included in reserves are transferred to Investment Income.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

All purchases and sales of investment securities are recognized on the trade date.

(e) *Investment Properties*

Investment properties are held for long term rental yields, and are not occupied by companies within the group. Investment properties are carried at fair value as determined by external valuators. Changes in fair value are taken to Investment Income.

(f) *Repurchase and reverse repurchase agreements*

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing and are recorded at the amount at which the securities were acquired or sold plus accrued interest.

(g) *Cash and Cash equivalents*

For the purposes of the Statement of Cash Flows, Cash and Cash equivalents comprise cash in hand and bank balances. Also, deposits held with banks, short-term loans and Repurchase Agreements with a maturity date of ninety days or less from the date of acquisition and bank overdraft balances. Cash and Cash equivalents do not include funds held to meet statutory requirements.

(h) Insurance and Investment contracts

The Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transactions.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk as defined above.

2. Segregated Funds

The Group manages various unitized funds on behalf of life insurance policyholders. The policyholders share all rewards and risks of the performance of the funds. Consequently, the assets and liabilities of these funds are recorded on the consolidated Balance Sheet separately from the general funds of the Group. All income and expenditure are recorded directly to the Balance Sheet as an adjustment to “Segregated Funds’ Liabilities”. Income earned by the Group from investment fees is included in “Fees, Commissions and Other Revenues” in the consolidated Statement of Operations.

3. Pension Funds Under Management

These funds are held in trust through the subsidiary company, LOJ Pooled Investment Funds Limited (LOJ PIF Limited), the Diversified Investment Funds (DIF) and other managed funds. All investment returns accrue directly to the funds with the Group assuming no risks. The assets, liabilities and operations of these funds are not included in these consolidated Financial Statements. At June 30, 2007 the total pension funds under management were $45.5 billion (December 2006: $41.8 billion). Administration and investment fees earned by the Group are included in “Fees, Commissions and Other Revenues” in the consolidated Statement of Operations.

4. Earnings Per Stock Unit

Basic earnings per stock unit are calculated by dividing the net profit attributable to Stockholders by the weighted-average number of ordinary shares in issue during the period.

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The adjustments related to un-issued shares for the Staff Share Ownership Plan and un-issued shares for the Executive Stock Option Plan and Long-term Incentive Plan.

5. Intangible Assets

The item Intangible Assets includes, Group controlled computer software, goodwill and other intangible assets.

Goodwill:
Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired at the acquisition date. Goodwill is initially measured at cost and is not amortized. After initial recognition goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Other Intangible Assets:
Other intangible assets include contractual customer relationships, trade names and computer software acquired through acquisitions. The fair values and estimates of useful life of these identifiable intangible assets are determined by independent appraisers at the point of acquisition. These assets are initially recorded at cost. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is not amortized but is tested annually for impairment.