



Insurance Corporation of Barbados Limited

Financial Statements

FOR THE SIX MONTHS ENDED JUNE 30, 2003 (expressed in Barbados dollars)

CHAIRMAN'S REVIEW

For the six months ended June 30, 2003

The Gross Premium Income for the six months ended June 30, 2003 totalled \$44,159,663 and Net Income from underwriting was \$11,581,075. This excellent performance results mainly from the underwriting profit being shown on the motor account at this time. For the first half of the year there was a noticeable reduction in both the frequency and severity of accidents reported to the Company and Motor Claims paid declined by 26% over the corresponding period of 2002. There is no certainty that this trend will continue throughout the remaining half of the year, as the performance on this account depends mainly on driving habits and settlement costs for losses incurred. Meanwhile the underwriting departments continue to enforce strict underwriting guidelines, including charging appropriate premiums and also the cancellation of questionable risks when necessary.

Reserving adequacy is constantly being addressed. The improvement in the performance of the property account over the period is noted. The Miscellaneous Accident, Marine and Group Life Accounts made positive contributions while efforts to contain losses on the Group Medical Account are continuing. Every client's record is being reviewed and we are making the required increases or changes as necessary at the renewal of each scheme. We shall continue to monitor these changes for improved results and take the necessary corrective action whenever necessary.

Signs in the market place suggest that property premium rates will decline, provided no significant losses are experienced during the remainder of the year. Adjustments may therefore be necessary to cope with this development. The Investment Earnings remained relatively constant as expected.

Some progress has been made for the first six months of the year 2003. Future events and developments over which we have no control may determine whether these results will continue throughout the entire year. Efforts will continue to be made for improvement in risk management, loss control and in the area of customer care. Together these factors will influence the overall outcome for the year 2003.

John M. Mayers

John M. Mayers, C.B.E., Ph.D.
Chairman

BALANCE SHEET

For the six months ended June 30, 2003
with Comparative figures for 2002

	Unaudited 30-Jun-03 \$	Unaudited 30-Jun-02 \$	Audited 31-Dec-02 \$
Assets			
Property, plant and equipment	19,269,276	16,710,352	19,177,703
Investments	106,025,678	81,629,646	97,063,618
Investment property	8,678,200	7,492,560	8,678,200
Joint venture	19,885,589	18,061,028	19,282,546
Other Assets			
Cash and short term deposits	11,915,936	11,532,098	5,754,401
Premiums due by policyholders	15,378,640	14,551,341	7,367,788
Due by shareholder	5,940,700	5,940,700	5,940,700
Reinsurance receivables	2,022,257	849,254	1,628,518
Other receivables	3,610,463	7,186,851	6,250,998
Deferred acquisition costs	1,362,851	1,098,981	1,030,398
Deferred taxes	260,853	--	260,853
	<u>40,491,700</u>	<u>41,159,225</u>	<u>28,233,656</u>
Total Assets	<u>194,350,443</u>	<u>165,052,811</u>	<u>172,435,723</u>
Liabilities			
Reinsurance payables	5,407,066	3,550,308	3,160,201
Accounts payable and accruals	4,014,771	5,360,746	2,774,699
Shareholder's loan	--	8,266,152	--
Provision for outstanding claims	49,783,613	46,496,476	48,966,285
Provision for unearned premiums	15,155,875	14,004,031	13,752,832
Corporation tax payable	2,928,548	1,433,967	321,648
Dividend payable	317,929	1,015,920	317,929
Deferred taxes	--	89,110	--
	<u>77,607,802</u>	<u>80,216,710</u>	<u>69,293,594</u>
Other Liabilities			
Pension plan	1,116,119	929,367	1,116,119
Life fund	1,255,924	1,274,290	1,255,924
Deposit administration fund	51,833,858	42,416,135	48,691,169
Total Other Liabilities	<u>54,205,901</u>	<u>44,619,792</u>	<u>51,063,212</u>
Total Liabilities	<u>131,813,703</u>	<u>124,836,502</u>	<u>120,356,806</u>
Net Assets	<u>62,536,740</u>	<u>40,216,309</u>	<u>52,078,917</u>
Represented By:			
Shareholders' Equity			
Share capital	38,740,891	30,474,739	38,740,891
Catastrophe reserve	2,405,499	583,439	1,208,631
Surplus reserve	5,953,750	1,551,856	3,518,610
Revaluation account	1,930,578	(473,070)	1,213,314
Retained earnings	13,506,022	8,079,345	7,397,471
	<u>62,536,740</u>	<u>40,216,309</u>	<u>52,078,917</u>

John M. Mayers Chairman

James R. ... Managing Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2003

	Share capital	Statutory reserves	Revaluation account	Retained earnings	TOTAL
Balance at December 31, 2001					
as previously reported	30,474,739	2,176,053	(473,070)	3,596,933	35,774,655
Prior year adjustment		(40,758)		475,197	434,439
Balance at December 31, 2001					
as restated	30,474,739	2,135,295	(473,070)	4,072,130	36,209,094
Net income				4,007,215	4,007,215
Balance at June 30, 2002 as restated	30,474,739	2,135,295	(473,070)	8,079,345	40,216,309
Balance at December 31, 2002	38,740,891	4,727,241	1,213,314	7,397,471	52,078,917
Share issue - Class B					--
Net income after tax				9,740,559	9,740,559
Dividends				--	--
Transfer to catastrophe reserve		1,196,868		(1,196,868)	--
Transfer to surplus reserve		2,435,140		(2,435,140)	--
Revaluation account			717,264		717,264
Balance at June 30, 2003	38,740,891	8,359,249	1,930,578	13,506,022	62,536,740

STATEMENT OF INCOME

For the six months ended June 30, 2003
with Comparative figures for 2002

	Unaudited 30-Jun-03 \$	Unaudited 30-Jun-02 \$	Audited 31-Dec-02 \$
Gross premium income	44,159,663	39,739,933	65,682,446
Net income/(loss) from underwriting accounts			
Motor	4,426,460	4,916	(2,958,096)
Property	3,672,964	190,302	1,059,566
Miscellaneous accident	2,591,038	2,037,668	2,568,735
Marine	265,407	1,055,485	288,361
Group medical	(1,121)	(104,332)	(342,691)
Group life	626,327	418,922	1,145,529
Net income from underwriting	11,581,075	3,602,961	1,761,404
Investment income - net	1,683,227	1,445,857	4,878,765
Share of profits of joint venture	588,159	352,938	1,288,277
Other income	445,725	505,423	1,423,864
Interest expense	--	(92,944)	--
Net income before taxes	14,298,186	5,814,235	9,352,310
Corporation taxes	(4,557,627)	(1,807,020)	(1,485,296)
Net income for the period	9,740,559	4,007,215	7,867,014
Basic earnings per share	0.25	0.12	0.20

STATEMENT OF CASH FLOWS

For the six months ended June 30, 2003
with Comparative figures for 2002

	Unaudited 30-Jun-03 \$	Audited 31-Dec-02 \$
Net cash from operating activities	10,266,746	6,299,763
Net cash from financing activities	3,142,689	6,904,529
Cash flows used in investing activities	(7,247,900)	(15,699,998)
Net increase (decrease) increase in cash for the period	6,161,535	(2,495,706)
Cash and short-term deposits - beginning of the period	5,754,401	8,250,107
Cash and short-term deposits - end of the period	11,915,936	5,754,401