

CHAIRMAN'S REVIEW

The Sagicor Group maintained its solid performance from the first quarter into the second Quarter. Group net income was US \$41.1 million for the six months ended June 30, 2017, compared to the prior year result of US \$34.1 million, an increase of US \$7.0 million or 21%.

Net income attributable to shareholders was US \$19.0 million, compared to the prior year result of US \$16.7 million, an improvement of US \$2.3 million or 14%. Earnings per common share was US 6.3 cents compared to the prior year result of US 5.2 cents.

Total revenue amounted to US \$562.6 million, compared to US \$553.0 million for the corresponding period in 2016, an increase of US \$9.6 million. Net premium revenue stood at US \$340.1 million, and exceeded the prior year amount of US \$318.8 million, an increase of US \$21.3 million. Net investment income and other income closed at US \$222.5 million compared to the prior year amount of US \$234.3 million, the change resulted from lower realised investment gains when compared to the prior year.

Benefits amounted to US \$278.0 million for the period, compared to US \$294.8 million for the previous year, a reduction of US \$16.8 million and was impacted by experience gains and actuarial refinements.

Expenses amounted to US \$224.3 million, inclusive of US \$5.0 million in non-recurring costs, compared to US \$209.8 million for the same period in the prior year. Higher administration costs were also incurred as a result of the expansion of credit card and payments businesses in our banking segment.

Total comprehensive income closed the period at US \$57.4 million, compared to US \$48.9 million for the same period in the prior year. Included in comprehensive income were net gains on financial assets of US \$21.7 million. Retranslation losses amounted to US \$1.8 million, compared to losses of US \$20.4 million reported in the prior year, this resulted from relatively stable rate movements in the Jamaica dollar and the Trinidad dollar when compared to the United States dollar during the period.

In the statement of financial position as at June 30, 2017, assets amounted to US \$6.6 billion, and liabilities totalled US \$5.8 billion. Sagicor's Group equity totalled US \$834.5 million. Shareholders' equity amounted to US \$562.1 million at a book value of US \$1.85 per share. The Group's debt, which is included in other liabilities, was US \$411.6 million. The debt to capital ratio was 33.0%.

On behalf of the Board of Sagicor, I wish to thank our Shareholders and Customers for their continued support.



Stephen McNamara
Chairman
August 10, 2017

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	Six months ended JUNE 30	
	2017	2016
Total revenue	\$562.6m	\$553.0m
Overall Group net income	\$41.1m	\$34.1m
Overall Shareholders' net income	\$19.0m	\$16.7m
Net income allocated to non-controlling interests	\$22.6m	\$17.7m
Total equity	\$834.5m	\$764.7m
Ratio of Debt to Capital (2016 adjusted for the redemption of preference shares)	33.0%	33.9%
Earnings per common share	6.3¢	5.2¢
Annualised return on common shareholders' equity	7.0%	6.7%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000

	June 30 2017	June 30 2016	December 31 2016
	(unaudited)	(unaudited)	(audited)
ASSETS			
Financial investments	4,848,973	4,905,027	4,813,748
Other investments and assets	1,762,374	1,648,202	1,718,172
Assets of discontinued operation	-	453	-
Total assets	6,611,347	6,553,682	6,531,920
LIABILITIES			
Policy liabilities	3,393,805	3,310,717	3,361,060
Other liabilities	2,383,074	2,478,250	2,375,446
Total liabilities	5,776,879	5,788,967	5,736,506
EQUITY			
Shareholders' equity	562,110	521,493	536,149
Participating accounts	1,019	1,001	1,291
Non-controlling interests	271,339	242,221	257,974
Total equity	834,468	764,715	795,414
Total liabilities and equity	6,611,347	6,553,682	6,531,920

These financial statements have been approved for issue by the Board of Directors on August 10, 2017.



Director



Director

CONSOLIDATED STATEMENT OF INCOME
Amounts expressed in US \$000

	Six months to June 30		Three months to June 30	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Net premium revenue	340,145	318,772	172,476	161,438
Net investment and other income	222,495	234,262	107,656	127,217
Total revenue	562,640	553,034	280,132	288,655
BENEFITS AND EXPENSES				
Benefits	277,996	294,826	140,816	160,854
Expenses	224,300	209,800	109,218	108,360
Total benefits and expenses	502,296	504,626	250,034	269,214
INCOME BEFORE TAXES	60,344	48,408	30,098	19,441
Income taxes	(19,233)	(16,179)	(12,361)	(7,578)
NET INCOME FROM CONTINUING OPERATIONS	41,111	32,229	17,737	11,863
Net income/(loss) from discontinued operation	-	1,865	-	(32)
NET INCOME FOR THE PERIOD	41,111	34,094	17,737	11,831
NET INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	19,006	14,877	5,750	2,923
From discontinued operation	-	1,865	-	(32)
	19,006	16,742	5,750	2,891
Participating policyholders	(474)	(354)	(185)	(627)
Non-controlling interests	22,579	17,706	12,172	9,567
	41,111	34,094	17,737	11,831
Basic earnings per common share:				
From continuing operations	6.3 cents	4.6 cents	1.9 cents	0.6 cents
From discontinued operation	0.0 cents	0.6 cents	0.0 cents	0.0 cents
	6.3 cents	5.2 cents	1.9 cents	0.6 cents
Fully diluted earnings per common share:				
From continuing operations	6.1 cents	4.5 cents	1.9 cents	0.6 cents
From discontinued operation	0.0 cents	0.5 cents	0.0 cents	0.0 cents
	6.1 cents	5.0 cents	1.9 cents	0.6 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts expressed in US \$000

	Six months to June 30		Three months to June 30	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
NET INCOME FOR THE PERIOD	41,111	34,094	17,737	11,831
Items net of tax that may be reclassified subsequently to income:				
Available for sale financial assets:				
Unrealised gains arising on revaluation	21,687	62,070	13,738	49,814
Losses / (gains) transferred to income	7,211	(3,478)	2,745	(1,850)
Net change in actuarial liabilities	(12,915)	(23,385)	(4,320)	(16,809)
Retranslation of foreign currency operations	(1,846)	(20,430)	(1,153)	(14,042)
	14,137	14,777	11,010	17,113
Items net of tax that will not be reclassified subsequently to income:				
Unrealised gains arising on revaluation of owner occupied property	-	-	26	-
Gains on defined benefit plans	2,133	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	16,270	14,777	11,036	17,113
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	57,381	48,871	28,773	28,944
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	32,665	23,950	15,481	13,649
From discontinued operation	-	1,865	-	(32)
	32,665	25,815	15,481	13,617
Participating policyholders	(164)	(270)	350	(441)
Non-controlling interests	24,880	23,326	12,942	15,768
	57,381	48,871	28,773	28,944

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Amounts expressed in US \$000 (unaudited)

	Share Capital	Share Premium	Reserves	Retained Earnings	Participating Accounts	Non-controlling Interest	Total
Six months to June 30, 2017:							
Balance, beginning of period	3,029	297,050	(64,795)	300,865	1,291	257,974	795,414
Total comprehensive income from continuing operations	-	-	11,526	21,139	(164)	24,880	57,381
Transactions with holders of equity instruments:							
Movements in treasury shares	6	834	-	-	-	-	840
Changes in reserve for equity compensation benefits	-	-	1,637	-	-	-	1,637
Dividends declared	-	-	-	(7,575)	-	(10,838)	(18,413)
Transfers and other movements	-	-	(405)	(1,201)	(108)	(677)	(2,391)
Balance, end of period	3,035	297,884	(52,037)	313,228	1,019	271,339	834,468
Six months to June 30, 2016:							
Balance, beginning of period	299,320	-	(59,688)	266,414	1,383	231,735	739,164
Total comprehensive income from continuing operations	-	-	9,073	14,877	(270)	23,326	47,006
Total comprehensive income from discontinued operation	-	-	-	1,865	-	-	1,865
Transactions with holders of equity instruments:							
Movements in treasury shares	622	-	-	-	-	-	622
Changes in reserve for equity compensation benefits	-	-	648	-	-	-	648
Dividends declared	-	-	-	(11,311)	-	(10,749)	(22,060)
Transfers and other movements	-	-	(4,707)	4,380	(112)	(2,091)	(2,530)
Balance, end of period	299,942	-	(54,674)	276,225	1,001	242,221	764,715

CONSOLIDATED STATEMENT OF CASH FLOWS
Amounts expressed in US \$000

	Six months to June 30	
	2017	2016
	(unaudited)	(unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	41,545	54,152
Net increase in investments and operating assets	3,142	(81,029)
Net change in operating liabilities	41,908	59,471
	86,595	32,594
Investing activities	(15,341)	(7,719)
Financing activities	(3,503)	8,073
Effects of exchange rate changes	87	(2,598)
Net change in cash and cash equivalents - continuing operations	67,838	30,350
Net change in cash and cash equivalents - discontinued operation	-	(44,613)
Cash and cash equivalents, beginning of period	312,106	384,879
Cash and cash equivalents, end of period	379,944	370,616

