



SAGICOR FINANCIAL CORPORATION

FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED JUNE 30, 2014

CHAIRMAN'S REVIEW

The Sagicor Group recorded net income of US \$26.2 million for the six months to June 30, 2014, compared to a loss of US\$13.3 million for the same period of 2013, while the Group's continuing operations showed net income amounting to US \$27.7 million, compared to US \$28.4 million for the corresponding period in 2013.

Net income from continuing operations attributable to shareholders was US \$14.5 million, compared to the prior year result of US \$19.3 million. Earnings per common share from continuing operations was US 4.6¢, and represented an annualised return on common shareholders' equity of 5.8%.

Continuing operations comprising our businesses in the Caribbean and in the USA closed the period with total revenue amounting to US \$501.7 million, an improvement of US \$3.0 million over the corresponding period in 2013. Net premium revenue stood at US \$308.8 million, compared to US \$314.7 for the same period in the prior year. Net investment income and other income closed the period at US \$192.8 million, and was an improvement over the prior year amount of US\$ 184.0 million.

Total benefits incurred amounted to US \$288.9 million for the period, compared to US \$288.1 for the previous year, while total expenses amounted to US \$175.1 million (US \$173.6 million for 2013), and included US \$2.3 million in restructuring costs.

Total comprehensive income was significantly improved when compared to the same period in the prior year. Other comprehensive income showed a positive result of US \$12.6 million, compared to a loss of US \$46.4 million for the same period in 2013. Included in comprehensive income were net gains on financial assets of US \$26.9 million. A decline in the Jamaica dollar against the US dollar contributed significantly to currency retranslation losses of US \$14.1 million.

The discontinued operation represents our UK business which was sold on December 23, 2013. The terms of the sale required the company to retain an interest in the 2011, 2012 and 2013 underwriting years of account. The company recognised a loss on this operation of US \$1.5 million for the six month period.

In the statement of financial position as at June 30, 2014, assets amounted to US \$5.9 billion and liabilities totalled US \$5.1 billion. Sagicor's Group equity totalled US \$749.0 million. The Group's debt, which is included in other liabilities, totalled US \$295.2 million. The resulting debt to equity ratio was 39.4%.

Sagicor's continuing operations have performed well despite very challenging economic conditions in the Caribbean. The Board and Management will continue to adopt conservative and prudent strategies during these times, while we deliver credible performance to our stakeholders.

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

Stephen McNamara
Chairman
July 30, 2014

FINANCIAL HIGHLIGHTS <i>(in US currency except percentages)</i>	SIX months ended JUNE 30	
	2014	2013
Total revenue	\$501.7m	\$498.7m
Group net income from continuing operations	\$27.7m	\$28.4m
Group net loss from discontinued operations	(\$1.5m)	(\$41.7m)
Overall Group net income/(loss)	26.2m	(\$13.3m)
Shareholders' net income from continuing operations	\$14.5m	\$19.3m
Shareholders' net (loss) from discontinued operations	(\$1.5m)	(\$41.7m)
Overall Shareholders' net income/(loss)	\$13.0m	(\$22.4m)
Net income allocated to non-controlling interests	\$13.9m	\$12.9m
Total equity	\$749.0m	\$730.6m
Ratio of Debt to Equity	39.4%	33.5%
Earnings per common share from continuing operations	4.6¢	6.1¢
Annualised return of continuing operations on common shareholders' equity	5.8%	7.3%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts expressed in US \$000	June 30	June 30	Dec 31
	2014	2013	2013
	(unaudited)	(unaudited)	(audited)
ASSETS			
Financial investments	4,554,862	4,111,074	4,191,766
Other investments and assets	1,316,824	874,148	1,105,986
Assets of discontinued operation	-	725,895	-
Total assets	5,871,686	5,711,117	5,297,752
LIABILITIES			
Policy liabilities	3,016,292	2,735,605	2,885,754
Other liabilities	2,084,911	1,616,703	1,631,788
Liabilities of discontinued operation	21,475	628,172	55,024
Total liabilities	5,122,678	4,980,480	4,572,566
EQUITY			
Shareholders' equity	530,621	531,206	512,097
Participating accounts	(5,521)	(15,545)	(5,662)
Minority interest	223,908	214,976	218,751
Total equity	749,008	730,637	725,186
Total liabilities and equity	5,871,686	5,711,117	5,297,752

These financial statements have been approved for issue by the Board of Directors on July 30, 2014.



Director



Director

CONSOLIDATED STATEMENT OF INCOME

Amounts expressed in US \$000	Six months to June 30		Three months to June 30	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Net premium revenue	308,843	314,651	144,407	150,269
Net investment and other income	192,835	184,022	95,555	98,620
Total revenue	501,678	498,673	239,962	248,889
BENEFITS AND EXPENSES				
Benefits	288,926	288,125	132,678	138,196
Expenses	175,089	173,591	89,364	91,500
Total benefits and expenses	464,015	461,716	222,042	229,696
INCOME BEFORE TAXES	37,663	36,957	17,920	19,193
Income taxes	(9,974)	(8,560)	(5,849)	(5,054)
NET INCOME FROM CONTINUING OPERATIONS	27,689	28,397	12,071	14,139
Net (loss) from discontinued operation	(1,461)	(41,666)	(984)	(35,500)
NET INCOME FOR THE PERIOD	26,228	(13,269)	11,087	(21,361)
NET INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	14,472	19,299	4,080	7,805
From discontinued operation	(1,461)	(41,666)	(984)	(35,500)
	13,011	(22,367)	3,096	(27,695)
Participating policyholders	(675)	(3,820)	(32)	(2,809)
Minority interest	13,892	12,918	8,023	9,143
	26,228	(13,269)	11,087	(21,361)
Basic earnings per common share:				
From continuing operations	4.6 cents	6.1 cents	1.4 cents	2.6 cents
From discontinued operation	(0.5) cents	(13.8) cents	(0.4) cents	(13.8) cents
	4.1 cents	(7.7) cents	1.0 cents	(11.2) cents
Fully diluted earnings per common share:				
From continuing operations	4.4 cents	5.7 cents	1.1 cents	2.1 cents
From discontinued operation	(0.4) cents	(13.4) cents	(0.3) cents	(13.3) cents
	4.0 cents	(7.7) cents	0.8 cents	(11.2) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in US \$000	Six months to June 30		Three months to June 30	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
NET INCOME FOR THE PERIOD	26,228	(13,269)	11,087	(21,361)
Items net of tax that may be reclassified subsequently to income:				
Available for sale financial assets:				
Unrealised gains / (losses) arising on revaluation	51,493	(35,389)	25,546	(44,018)
(Gains) / losses transferred to income	(4,971)	(12,739)	(2,805)	(3,185)
Net change in actuarial liabilities	(19,597)	23,278	(11,036)	22,730
Retranslation of foreign currency operations	(14,139)	(22,500)	(2,576)	(6,399)
Other items	(108)	-	-	-
	12,678	(47,350)	9,129	(30,872)
Items net of tax that will not be reclassified subsequently to income:				
Unrealised gains arising on revaluation of owner occupied property	-	39	-	(1)
Gains / (losses) on defined benefit plans	(85)	-	-	-
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS	12,593	(47,311)	9,129	(30,873)
Other Comprehensive Income from discontinued operation	-	914	-	(510)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	12,593	(46,397)	9,129	(31,383)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	38,821	(59,666)	20,216	(52,744)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Common Shareholders				
From continuing operations	26,613	(6,690)	11,183	(10,311)
From discontinued operation	(1,461)	(40,752)	(984)	(36,010)
	25,152	(47,442)	10,199	(46,321)
Participating policyholders	258	(5,095)	1,191	(4,061)
Minority interest	13,411	(7,129)	8,826	(2,362)
	38,821	(59,666)	20,216	(52,744)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in US \$000

(unaudited)	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Six months to June 30, 2014:						
Balance, beginning of period	295,450	(4,825)	221,472	(5,662)	218,751	725,186
Total comprehensive income from continuing operations	-	12,334	14,279	258	13,411	40,282
Total comprehensive income from discontinued operation	-	-	(1,461)	-	-	(1,461)
Transactions with holders of equity instruments:						
Movements in treasury shares	(278)	-	-	-	-	(278)
Changes in reserve for equity compensation benefits	-	1,828	-	-	-	1,828
Changes in ownership interests	-	-	1,531	-	(1,812)	(281)
Dividends declared	-	-	(9,918)	-	(6,442)	(16,360)
Transfers and other movements	-	(2,291)	2,500	(117)	-	92
Balance, end of period	295,172	7,046	228,403	(5,521)	223,908	749,008
Six months to June 30, 2013:						
Balance, beginning of period	296,058	16,411	289,136	(10,333)	227,368	818,640
Prior period adjustment	-	-	(14,868)	-	(1,310)	(16,178)
Balance as restated	296,058	16,411	274,268	(10,333)	226,058	802,462
Total comprehensive income from continuing operations	-	(25,990)	19,300	(5,095)	(7,129)	(18,914)
Total comprehensive income from discontinued operation	-	915	(41,667)	-	-	(40,752)
Transactions with holders of equity instruments:						
Movements in treasury shares	7	-	-	-	-	7
Changes in reserve for equity compensation benefits	-	1,705	-	-	72	1,777
Dividends declared	-	-	(9,918)	-	(4,025)	(13,943)
Transfers and other movements	-	(2,934)	3,051	(117)	-	-
Balance, end of period	296,065	(9,893)	245,034	(15,545)	214,976	730,637

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in US \$000

	Six months to June 30	
	2014 (unaudited)	2013 (unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	58,811	95,184
Net increase in investments and operating assets	(23,697)	(234,400)
Net change in operating liabilities	86,930	128,863
	122,044	(10,353)
Investing activities	28,027	23,591
Financing activities	(16,608)	(14,191)
Effects of exchange rate changes	1,311	1,378
Net change in cash and cash equivalents - continuing operations	134,774	425
Net change in cash and cash equivalents - discontinued operation	(35,009)	(5,420)
Cash and cash equivalents, beginning of period	258,600	213,564
Cash and cash equivalents, end of period	358,365	208,569

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in note 2 of the December 31, 2013 audited financial statements.