



Wise Financial Thinking for Life

Sagicor Life Jamaica Limited

Interim Report to Stockholders
for the six months ended
30 June, 2008

INTERIM REPORT TO STOCKHOLDERS

On behalf of the Board of Directors, we are pleased to present the Financial Statements for the six months ended 30 June 2008.

At the beginning of June, Life of Jamaica Limited was successfully rebranded to Sagicor Life Jamaica Limited. We envisage that this international brand with Caribbean roots will generate significant benefits to the Sagicor Jamaica Group. Also during June, our subsidiary, Pan Caribbean Financial Services, launched its commercial bank, PanCaribbeanBank Limited, with the renaming of Pan Caribbean Merchant Bank Limited. The Merchant Bank Licence was surrendered on the granting of a Commercial Bank Licence.

The Sagicor Jamaica Group produced good results for the period under review. Net profit attributable to stockholders was \$1,486 million, a 22% growth over the corresponding period in 2007. This outcome represents earnings per share of 40 cents, also up 22% from the 32 cents in 2007. Profit for the second quarter was \$729 million, up 17% compared to Q2 in 2007. The annualized return on opening Stockholders' Equity (ROE) was 19% as against 17% in 2007.

The current year earnings benefited from: continued strong business growth, higher interest rates, a larger share of earnings from Sagicor General Cayman (ownership increased from 51% to 75.2% effective November 2007), lower reinsurance costs and lower amortization charges for purchased intangibles. Profitability was higher in all lines of business when compared with the same period in 2007.

Consolidated revenues for the half year of \$9,176 million were above the 2007 amount by 13%. Individual Life and Group Life earned premiums of \$3,385 million were up on prior year by 12%. Group Health earned premiums of \$2,318 million were up by 10%. Investment Income (including capital gains and interest expense) of \$2,275 million grew by 11%. Fees, commissions and other revenues of \$924 million increased by 7%.

During the six months period, a total of \$3,327 million was paid and or accrued as benefits to policyholders and beneficiaries, an increase of 18% over the same period in 2007. At \$2,217 million, Administration expenses were up 18% from \$1,885 million in the prior year. The ratio of Administration expenses to total revenue was 25% compared to 24% for 2007 (2007 full year was 23%). The 2008 costs include salary increases influenced by the significantly higher rate of inflation. In addition, the 2008 costs reflect increased expenses in the subsidiary, Pan Caribbean Financial Services, relating to the set up of the commercial banking operations. The ratio of Commissions and related sales expenses to net premium income was 17%.

Total assets of the Group stood at \$96,733 million, showing an 11% growth over the December 2007 amount. The book value of Stockholders equity ended the period at \$14,697 million. Sagicor Life Jamaica distributed \$900 million (or 24 cents per share) as an interim dividend to stockholders in March. Due to rising interest rates there was a substantial decline in the fair value of available-for-sale long-term securities held by the Sagicor Jamaica Group.

The number of Sagicor Life Jamaica ordinary shares in issue grew from 3,748,110,163 at December 2007 to 3,750,263,846 at the end of June 2008, as a result of 2,153,683 shares issued for share options exercised.

In March, the subsidiary Pan Caribbean Financial Services (Pan) issued \$1,264 million of 5 year 12 1/2% cumulative, redeemable, preference shares and in June Pan sold its 25% interest in Manufacturers Credit and Information Services.

The high inflation rate, now over 20%, continues to be of concern as it has a significant negative effect on our cost of operations and Life Insurance actuarial reserves. During the second half year we will be implementing initiatives to raise our operating efficiencies even as we pursue opportunities for business growth.

Mr. W.G. Bryan Ewen resigned from the Board of Sagicor Life Jamaica Limited effective 15 July, 2008. The Board expressed its appreciation for Mr. Ewen's service over the past three years. Mr. Paul Hanworth replaced Mr. Ewen as a member of the Board of Directors. We look forward to his contributions in the years ahead.

On 25 July, 2008 Sagicor Life Jamaica entered in to an agreement with Blue Cross Jamaica Limited (Blue Cross) to acquire their Group Health insurance portfolio. The transaction is subject to due diligence and Regulatory approval. This acquisition, when completed, should enable us to achieve further economies of scale and offer best quality products and services to a wider clientele.

On behalf of the Board:



Dodridge Miller
Chairman
28 July, 2008

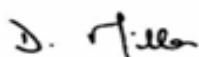


Richard Byles
President and CEO

Consolidated Balance Sheet
as at 30 June, 2008
(Expressed in thousands of Jamaican dollars)

	June - 08 Un-audited	June - 07 Un-audited	December - 07 Audited
Assets:			
Financial Assets at fair value through income	955,788	1,607,803	1,503,840
Available-for-sale securities	61,239,913	52,522,723	54,293,848
Loans and receivables	9,977,554	9,643,494	9,697,918
Securities purchased under resale agreements	2,197,555	1,646,109	1,103,790
Short term deposits	1,124,997	587,497	681,721
Investment properties	281,616	470,408	264,084
Investment in associated companies	2,725	2,725	2,725
	<u>75,780,148</u>	<u>66,480,759</u>	<u>67,547,926</u>
Cash resources	1,832,256	1,269,305	2,006,509
Property, plant and equipment	1,314,965	895,890	1,230,028
Intangible assets	4,890,597	5,203,316	4,984,967
Deferred income taxes	90,484	12,256	46,422
Taxation recoverable	662,383	576,980	565,824
Reinsurance assets	1,274,181	1,232,971	1,341,326
Miscellaneous assets and receivables	3,943,148	3,964,957	3,085,032
Segregated funds' assets	6,944,878	5,824,424	6,261,696
	<u>20,952,892</u>	<u>18,980,099</u>	<u>19,521,804</u>
Total Assets	<u>96,733,040</u>	<u>85,460,858</u>	<u>87,069,730</u>
Liabilities:			
Insurance and annuity liabilities	6,806,403	5,852,194	6,291,051
Investment contracts liabilities	7,619,264	4,925,053	5,809,335
Other policy liabilities	2,612,463	2,565,142	2,530,477
	<u>17,038,130</u>	<u>13,342,389</u>	<u>14,630,863</u>
Securities sold under repurchase agreements	37,391,668	34,882,244	34,020,502
Customer Deposits	5,411,081	4,980,528	5,402,101
Due to Banks and other Financial Institutions	6,480,491	3,802,374	3,726,085
Redemable preference shares	1,264,324	0	0
Provisions	119,783	93,856	81,181
Taxation payable	99,391	216,431	107,400
Deferred income taxes	115,027	150,476	216,139
Accounts payable and accrued liabilities	2,768,177	2,434,188	2,719,785
Segregated funds' liabilities	6,944,878	5,824,424	6,261,696
	<u>60,594,820</u>	<u>52,384,521</u>	<u>52,534,889</u>
Total liabilities	<u>77,632,950</u>	<u>65,726,910</u>	<u>67,165,752</u>
Equity:			
Share Capital	7,796,463	7,766,064	7,779,665
Investment and other reserves	(667,759)	1,474,628	727,709
Retained earnings	7,568,214	5,829,068	6,999,651
Stockholder's equity	14,696,918	15,069,760	15,507,025
Minority interest in subsidiaries	4,403,172	4,664,188	4,396,953
	<u>19,100,090</u>	<u>19,733,948</u>	<u>19,903,978</u>
Total Liabilities and Equity	<u>96,733,040</u>	<u>85,460,858</u>	<u>87,069,730</u>

On behalf of the Board of Directors:



Dodridge Miller
Chairman
28 July, 2008



Richard Byles
President and CEO

Consolidated Statement of Operations
for the period ended 30 June, 2008
(Expressed in thousands of Jamaican dollars)

	June - 08 Quarter Unaudited	June - 07 Quarter Unaudited	June - 08 Year-to- date Unaudited	June - 07 Year-to-date Unaudited	December - 07 Full year Audited	YTD Variance June '08 vs '07
Revenues:						
Gross premium revenue	3,692,735	3,183,994	7,095,885	6,554,514	13,757,897	8%
Reinsurance premiums ceded	(615,668)	(629,214)	(1,118,996)	(1,321,525)	(2,669,850)	15%
Net premium revenue	3,077,067	2,554,780	5,976,889	5,232,989	11,088,047	14%
Net investment income	1,104,642	986,876	2,274,858	2,043,322	4,134,395	11%
Fees, commissions and other revenues	459,908	490,746	923,774	860,396	1,741,499	7%
Total revenue	4,641,617	4,032,402	9,175,521	8,136,707	16,963,941	13%
Benefits and expenses:						
Insurance benefits incurred	1,643,007	1,437,683	3,327,203	2,807,880	5,460,589	(18)%
Insurance benefits reinsured	(42,829)	(45,324)	(216,140)	(125,817)	(183,009)	72%
Net Insurance benefits incurred	1,600,178	1,392,359	3,111,063	2,682,063	5,277,580	(16)%
Changes in insurance and annuity liabilities	289,172	138,248	496,333	560,443	982,394	11%
Administration expenses	1,111,615	976,965	2,216,807	1,885,437	3,827,852	(18)%
Commissions and related expenses	518,174	486,387	1,036,188	958,571	2,031,833	(8)%
Amortization of intangible assets	70,945	96,433	140,766	191,096	504,022	26%
Finance cost	7,178	6,849	14,346	13,636	27,734	(5)%
Total benefits and expenses	3,597,262	3,097,241	7,015,503	6,291,246	12,651,415	(12)%
Profit before taxation	1,044,355	935,161	2,160,018	1,845,461	4,312,526	17%
Taxation	(145,308)	(206,200)	(381,817)	(398,419)	(891,442)	4%
Profit after taxation	899,047	728,961	1,778,201	1,447,042	3,421,084	23%
Net profit attributable to:						
Stockholders of the company	728,923	621,921	1,486,095	1,213,365	2,956,775	22%
Minority interest	170,124	107,040	292,106	233,677	464,309	25%
Net profit for period	899,047	728,961	1,778,201	1,447,042	3,421,084	23%
Earnings per share for profit attributable to stockholders:						
- Basic	\$0.19	\$0.17	\$0.40	\$0.32	\$0.79	25%
- Fully diluted	\$0.19	\$0.17	\$0.40	\$0.32	\$0.79	25%

Consolidated Statement of Changes in Stockholders' Equity
for the period ended 30 June, 2008
(Expressed in thousands of Jamaican dollars)

	Share Capital	Investment & Fair Value Reserves	Currency Translation Reserve	Other Reserves	Retained Earnings	Minority Interest	Total
Year ended 31 December, 2007:							
Balance as at 1 January, 2007	7,651,537	987,213	461,123	134,435	5,177,479	4,586,380	18,998,167
Unrealised gains on revaluation of owner-occupied properties	o	173,267	o	o	o	o	173,267
Currency translation differences	o	2,987	73,546	o	o	31,303	107,836
Unrealised losses on available-for-sale securities	o	(750,574)	o	o	o	(52,443)	(803,017)
Gains recycled to revenue on disposal and maturity of available-for-sale securities	o	(376,501)	o	o	o	(160,286)	(536,787)
Net gains/(losses) not recognised in the statement of operations	o	(950,821)	73,546	o	o	(181,426)	(1,058,701)
Net profit					2,956,775	464,309	3,421,084
Total (expense)/income recognised for 2007	o	(950,821)	73,546	o	2,956,775	282,883	2,362,383
Transfer to retained earnings	o	(38,684)	o	o	38,684	o	o
Transfer to special investment reserve	o	o	o	39,468	(39,468)	o	o
Adjustment between regulatory loan provisioning and IFRS	o	o	o	10,237	(10,237)	o	o
Transfer to retained earning reserves	o	o	o	(91)	o	91	o
Employee share option scheme - value of services provided	o	o	o	23,746	o	4,627	28,373
Disposal of equity interest	o	o	o	o	o	(256,498)	(256,498)
Employee share options exercised	24,928	o	o	(12,463)	o	o	12,465
Issue of shares	103,200	o	o	o	o	49,423	152,623
Dividend paid to minorities	o	o	o	o	o	(269,953)	(269,953)
Dividends	o	o	o	o	(1,123,582)	o	(1,123,582)
Balance as at 31 December, 2007	7,779,665	(2,292)	534,669	195,332	6,999,651	4,396,953	19,903,978
Period ended 30 June, 2008:							
Balance as at 1 January, 2008	7,779,665	(2,292)	534,669	195,332	6,999,651	4,396,953	19,903,978
Unrealised gains on revaluation of owner-occupied properties	o	63,395	o	o	o	o	63,395
Currency translation differences	o	121	75,766	o	o	7,341	83,228
Unrealised losses on available-for-sale securities	o	(1,376,892)	o	o	o	(103,289)	(1,480,181)
Gains recycled to revenue on disposal and maturity of available-for-sale securities	o	(180,626)	o	o	o	(22,089)	(202,715)
Net gains/(losses) not recognised in the statement of operations	o	(1,494,002)	75,766	o	o	(118,037)	(1,536,273)
Net profit	o				1,486,095	292,106	1,778,201
Total (expense)/income recognised for the period ended 30 June 2008	o	(1,494,002)	75,766	o	1,486,095	174,069	241,928
Transfer to special investment reserve	o	o	o	15,529	(15,529)	o	o
Adjustment between regulatory loan provisioning and IFRS	o	o	o	2,053	(2,053)	o	o
Employee share option scheme - value of services provided	o	o	o	13,585	o	o	13,585
Employee share options exercised	16,798	o	o	(8,399)	o	2,390	10,789
Dividend paid to minorities	o	o	o	o	o	(170,240)	(170,240)
Dividends	o	o	o	o	(899,950)	o	(899,950)
Balance as at 30 June, 2008	7,796,463	(1,496,294)	610,435	218,100	7,568,214	4,403,172	19,100,090

Consolidated Statement of Cash Flows
for the period ended 30 June, 2008
(Expressed in thousands of Jamaican dollars)

	June - 08 Year-to-date Un-audited	June - 07 Year-to-date Un-audited	December - 07 Full year Audited
Cash Flows from operating activities:			
Net profit	1,778,206	1,447,043	3,421,084
Items not affecting cash	832,225	(436,013)	946,435
Changes in operating assets and liabilities	(3,568,497)	(2,646,616)	(6,228,402)
Interest received	3,952,041	3,380,407	7,044,207
Interest paid	(2,170,878)	(2,010,616)	(4,159,805)
Income taxes paid	(247,236)	(203,217)	(930,390)
Cash generated from/(used in) operating activities	575,861	(469,012)	93,129
Cash Flows from investing activities:			
Acquisitions, net of cash acquired	o	o	(277,094)
Property, plant and equipment, net	(90,040)	(62,501)	(150,697)
Intangible assets, net	(43,422)	(7,930)	(61,396)
Cash used in investing activities	(133,462)	(70,431)	(489,187)
Cash Flows from financing activities:			
Dividends paid to stockholders	(899,256)	(560,387)	(1,116,543)
Dividend paid to minority interest	(170,341)	(113,171)	(269,953)
Ordinary shares issued	16,798	111,852	128,128
Preference shares issued	1,264,324	o	o
Proceeds from loans, net	o	(210,059)	(348,434)
Cash (used in)/provided by financing activities	211,525	(771,765)	(1,606,802)
Effects of exchange rate changes	16,200	16,023	73,315
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of period	2,259,452	4,188,997	4,188,997
(Decrease) / increase in net cash and cash equivalents	670,124	(1,295,185)	(1,929,545)
Net cash and cash equivalents, at end of period	2,929,576	2,893,812	2,259,452

Consolidated Segmental Financial Information
For the period ended 30 June, 2008
(Expressed in thousands of Jamaica dollars)

Primary Segments:

	Individual Life Services	Employee Benefits Services	Banking and Asset Management Services	General Ins. Services	Other Services	Consolidation Eliminations	June-08 Group
Total Revenue	2,967,912	4,117,952	1,354,923	293,401	525,853	(84,520)	9,175,521
Amortization of intangibles	(2,335)	(47,966)	(72,600)	(9,104)	(8,761)	o	(140,766)
Benefits and expenses	(2,303,428)	(3,445,151)	(538,152)	(228,676)	(422,454)	77,470	(6,860,391)
Finance costs	o	(7,714)	o	(7,713)	(5,969)	7,050	(14,346)
Profit / (loss) before tax	662,149	617,121	744,171	47,908	88,669	o	2,160,018
Taxation	(116,109)	(75,587)	(184,115)	o	(6,006)	-	(381,817)
Profit / (loss) after taxation	<u>546,040</u>	<u>541,534</u>	<u>560,056</u>	<u>47,908</u>	<u>82,663</u>	<u>o</u>	<u>1,778,201</u>
Segment Assets -							
Intangible assets	1,197,126	1,357,827	1,882,093	393,351	60,200		4,890,597
Other assets	24,523,143	11,337,241	53,967,115	3,579,081	79,049	(1,785,936)	91,699,693
	25,720,269	12,695,068	55,849,208	3,972,432	139,249	(1,785,936)	96,590,290
Unallocated Assets -							
Investment in associates							2,725
Deferred tax assets							90,484
Retirement benefit assets							49,544
Total Assets							<u>96,733,043</u>
Segment Liabilities	22,349,325	9,047,103	44,732,646	2,363,471	84,439	(1,785,936)	76,791,048
Unallocated Liabilities -							
Deferred tax liabilities							115,027
Retirement benefit obligations							308,447
Business development loans							418,428
Total Liabilities							<u>77,632,950</u>

	Individual Life Services	Employee Benefits Services	Banking and Asset Management Services	General Ins. Services	Other Services	Consolidation Eliminations	June-07 Group
Total Revenue	2,647,503	3,604,015	1,205,641	243,049	502,604	(66,105)	8,136,707
Amortization of intangibles	o	(42,374)	(109,355)	(7,128)			(158,857)
Benefits and expenses	(2,050,023)	(3,125,410)	(455,839)	(203,031)	(340,703)	56,253	(6,118,753)
Finance costs	o	(6,818)	o	(6,818)	(9,852)	9,852	(13,636)
Profit / (loss) before tax	597,480	429,413	640,447	26,072	152,049	o	1,845,461
Taxation	(104,524)	(62,084)	(204,140)	o	(27,671)	-	(398,419)
Profit / (loss) after taxation	<u>492,956</u>	<u>367,329</u>	<u>436,307</u>	<u>26,072</u>	<u>124,378</u>	<u>o</u>	<u>1,447,042</u>
Segment Assets -							
Intangible assets	1,263,308	1,434,587	2,132,142	373,254	25	o	5,203,316
Other assets	16,364,431	12,663,991	49,015,426	3,065,390	55,471	(935,564)	80,229,145
	17,627,739	14,098,578	51,147,568	3,438,644	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							<u>85,460,858</u>
Segment Liabilities	11,689,499	9,421,069	42,037,511	2,069,929	100,098	(935,564)	64,382,542
Unallocated Liabilities -							
Deferred tax liabilities							309,380
Retirement benefit obligations							291,977
Business development loans							743,011
Total Liabilities							<u>65,726,910</u>

Secondary Segments:

	Jamaica	Grand Cayman	June-08	Jamaica	Grand Cayman	June-07
Total Revenue	7,928,594	1,246,927	9,175,521	6,993,731	1,142,976	8,136,707
Total Assets	84,131,648	12,601,392	96,733,040	77,598,278	7,862,580	85,460,858

Notes to the Consolidated Financial Statements

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the 31 December, 2007 audited financial statements.