



Wise Financial Thinking for Life

Sagicor Life Jamaica Limited

Interim Report to Stockholders
for the three months period ended
31 March 2009



Wise Financial Thinking for Life

Sagicor Life Jamaica Limited

INTERIM REPORT TO STOCKHOLDERS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2009

On behalf of the Board of Directors, we are pleased to present the un-audited consolidated financial statements of Sagicor Life Jamaica Limited (SLJ) for the quarter ended 31 March 2009.

The SLJ Group produced net profit attributable to Owners of \$1,443 million, 91% more than that recorded for the corresponding period in 2008. This outcome was generated from revenues of \$6,406.2 million and represents earnings per share of 38 cents. Continuing high interest rates across all terms of the yield curve resulted in an unusual decrease in Insurance and Annuity actuarial liabilities of \$585 million in the current period, and this had a favourable impact on earnings. If interest rates fall significantly, this decrease in actuarial liabilities will not be repeated and may even be reversed. With the unusual amount excluded, net profit for the period would have increased over the prior year by 14%. The current period earnings were also impacted positively by recent acquisitions (Blue Cross - Q4 2008, Industrial Alliance in Cayman - Q4 2008 and Guardian Life in Cayman – Q1 2009) and the large single premium business in 2008.

During the quarter, a total of \$2,518 million was paid and or accrued as benefits to policyholders and beneficiaries, an increase of 50% over the same period in 2008. Generally, benefits experience trended upwards, in the main because of the enlarged Health insurance portfolio. The cost of gross death claims of \$439.2 million was 45% higher than in Q1 2008. Cash surrenders of \$171.8 million were 8% more than in 2008 while withdrawals from segregated policy funds were noticeably higher.

The book value of Owners' Equity ended the period at \$15,614.6 million, marginally up from the amount at December 2008. SLJ distributed \$940.7 million (or 25 cents per share) as a dividend payment to Owners on 31 March, 2009. The return on opening Owners' Equity (ROE) for the quarter was 9%. When annualized and adjusted for the unusual decrease in actuarial liabilities, the ROE would be 26%. The corresponding annualized return for 2008 was 19.5%. Total assets of the Group stood at \$120,180.9 million, showing a 2% growth over the December 2008 amount.

Subsequent to the period end, A.M. Best rating agency affirmed the financial strength rating (FSR) of A (Excellent) and issuer credit ratings (ICR) of "a" of a number of the life insurance companies of the Sagicor Group, including SLJ. In the context of the prevailing global financial situation and the state of the Jamaican economy, A.M. Best revised the outlook from stable to negative. Sagicor Financial Corporation remains committed to its operations in Jamaica which have consistently exceeded expectations and which continue to contribute significantly to Sagicor's success.

On behalf of the Board of Directors:

A handwritten signature in black ink, appearing to read 'D. Miller'.

Dodridge Miller
Chairman
8 May, 2009

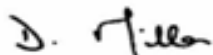
A handwritten signature in black ink, appearing to read 'Richard Byles'.

Richard Byles
President and CEO

Consolidated Statement of Financial Position
as at 31 March 2009
(Expressed in thousands of Jamaican dollars)

	March - 09	March - 08	Dec - 08
	Un-audited	Un-audited	Audited
Assets:			
Financial investments	87,586,477	67,238,798	86,792,339
Securities purchased under resale agreements	5,772,431	2,202,549	4,448,058
Other investments	321,248	272,929	328,900
	<u>93,680,156</u>	<u>69,714,276</u>	<u>91,569,297</u>
Intangible assets	5,295,200	4,934,583	5,291,788
Other assets	14,456,878	7,954,147	14,369,634
Segregated funds' assets	6,748,619	6,524,418	6,560,697
	<u>26,500,697</u>	<u>19,413,148</u>	<u>26,222,118</u>
Total Assets	120,180,853	89,127,424	117,791,415
Liabilities:			
Insurance and annuity contracts liabilities	16,204,667	6,506,337	15,418,023
Investment contracts liabilities	9,860,614	5,881,668	8,891,676
Other insurance policy liabilities	3,669,315	2,485,530	4,419,744
	<u>29,734,596</u>	<u>14,873,535</u>	<u>28,729,444</u>
Securities sold under repurchase agreements	41,189,936	35,173,154	39,957,153
Customer deposits	7,833,880	5,444,309	7,419,989
Due to banks and other financial institutions	8,654,413	4,091,405	5,926,132
Redeemable preference shares	1,271,281	1,264,348	1,271,190
Other liabilities	5,094,382	3,153,373	4,584,929
Segregated funds' liabilities	6,748,619	6,524,418	6,560,697
	<u>70,792,511</u>	<u>55,651,007</u>	<u>65,720,090</u>
Total liabilities	100,527,107	70,524,542	94,449,534
Equity:			
Share Capital	7,817,273	7,796,463	7,796,463
Other components of equity	(1,766,919)	(217,936)	(1,319,255)
Retained earnings	9,564,214	6,831,804	9,066,612
Owners's equity	15,614,568	14,410,331	15,543,820
Non-controlling interests	4,039,179	4,192,551	4,045,061
	<u>19,653,746</u>	<u>18,602,882</u>	<u>19,588,881</u>
Total Equity	19,653,746	18,602,882	19,588,881
Total Liabilities and Equity	120,180,853	89,127,424	114,038,415

On behalf of the Board of Directors:



Dodridge Miller
Chairman
8 May 2009



Richard Byles
President and CEO

Consolidated Income Statement
for the period ended 31 March 2009
(Expressed in thousands of Jamaican dollars)

	March - 09	March - 08	Dec - 08
	Year-to- date	Year-to-date	Full year
	Unaudited	Unaudited	Audited
Revenues:			
Net premium revenue	3,975,770	2,899,822	20,269,545
Net investment income	1,579,179	1,170,216	5,786,137
Impairment charge	(20,048)	0	(274,885)
Fees and other revenues	871,285	463,866	2,478,139
Total revenue	6,406,186	4,533,904	28,258,936
Benefits and expenses:			
Net insurance benefits incurred	2,477,454	1,510,885	6,914,259
Changes in insurance and annuity liabilities	(257,871)	207,161	8,282,542
Administration expenses	1,554,782	1,105,192	4,939,938
Commissions and related expenses	637,471	518,014	2,227,600
Amortization of intangible assets	84,961	69,821	283,129
Finance cost	47,512	7,168	29,190
Total benefits and expenses	4,544,309	3,418,241	22,676,658
Profit before taxation	1,861,876	1,115,663	5,582,278
Taxation	(258,015)	(236,509)	(1,040,027)
Profit after taxation	1,603,862	879,154	4,542,251
Net profit attributable to:			
Owners of the parent	1,442,985	757,172	3,928,094
Non-controlling interests	160,876	121,982	614,157
Net profit for period	1,603,862	879,154	4,542,251
Earnings per share for profit attributable to Owners:			
Basic and diluted earnings per share	\$0.38	\$0.20	\$1.05

Consolidated Statement of Comprehensive Income

for the period ended 31 March 2009

(Expressed in thousands of Jamaican dollars)

	March '09 Year-to-date Unaudited	March '08 Year-to-date Unaudited	Dec '08 Full year Audited
Net profit for the period	1,603,862	879,154	4,542,251
Other comprehensive income:			
Changes in fair value reserves			
Owner occupied properties	0	0	150,195
Available-for-sale financial assets	(833,508)	(1,175,786)	(3,604,132)
Cash flow hedges	20,581	0	199,487
	<u>(812,927)</u>	<u>(1,175,786)</u>	<u>(3,254,450)</u>
Retranslation of foreign operations	354,760	49,338	446,677
Other comprehensive income for the period, net of tax	<u>(458,167)</u>	<u>(1,126,447)</u>	<u>(2,807,772)</u>
Total comprehensive income for the period , net of tax	<u>1,145,695</u>	<u>(247,293)</u>	<u>1,734,479</u>
Total comprehensive income attributable to:			
Owners of the parent	985,267	(211,935)	1,652,670
Non-controlling interests	160,428	(35,358)	81,809
	<u>1,145,695</u>	<u>(247,293)</u>	<u>1,734,479</u>

Consolidated Statement of Changes in Equity

for the period ended 31 March 2009

(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Currency Translation Reserves	Investment & Fair Value Reserves	Other Reserves	Total	Non- Controlling Interests	Total Equity
Period ended 31 March 2008:								
Balance as at January 1, 2008	7,779,665	6,999,651	534,669	(2,292)	195,332	15,507,026	4,396,953	19,903,978
Total comprehensive income for the period	0	757,172	46,356	(1,015,463)	0	(211,936)	(35,358)	(247,293)
Issue of shares	0	0	0	0	0	0	0	0
Value of employee services rendered	0	0	0	0	6,792	6,792	1,196	7,988
Employee share options exercised	16,798				(8,399)	8,399		8,399
Dividend declared	0	(899,950)	0	0	0	(899,950)	0	(899,950)
Dividend paid to non-controlling interests						0	(170,240)	(170,240)
Adjustment between regulatory loan provision and IFRS	0	(9,540)	0	0	9,540	0	0	0
Transfer to special investment reserve	0	(15,529)	0	0	15,529	0	0	0
Transfer to retained earning reserves	0	0		0	0	0	0	0
Disposal of equity interest	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
Balance as at 31 March 2008	7,796,463	6,831,804	581,025	(1,017,755)	218,794	14,410,331	4,192,551	18,602,882
Period ended 31 March 2009:								
Balance as at 1 January 2009	7,796,463	9,066,612	926,712	(2,698,772)	452,805	15,543,820	4,045,061	19,588,881
Total comprehensive income for the period	0	1,442,985	316,477	(774,196)	0	985,266	160,428	1,145,695
Issue of shares	18,000	0	0	0	0	18,000	0	18,000
Value of employee services rendered	0	0	0	0	6,810	6,810	1,178	7,988
Employee share options exercised	2,810	0	0	0	(1,400)	1,410	0	1,410
Dividend declared	0	(940,739)	0	0	0	(940,739)	0	(940,739)
Dividend paid to non-controlling interests	0	0	0	0	0	0	(167,489)	(167,489)
Adjustment between regulatory loan provision and IFRS	0	(4,644)	0	0	4,644	0	0	0
Transfer to special investment reserve	0	0	0	0	0	0	0	0
Transfer to retained earning reserves	0	0	0	0	0	0	0	0
Disposal of equity interest	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
Balance as at 31 March 2009	7,817,273	9,564,214	1,243,189	(3,472,968)	462,859	15,614,567	4,039,179	19,653,746

Consolidated Statement of Cash Flows
for the period ended 31 March 2009
(Expressed in thousands of Jamaican dollars)

	March - 09	March - 08	December - 08
	Year-to-date	Year-to-date	Full year
	Un-audited	Un-audited	Audited
Cash Flows from operating activities:			
Net profit	1,603,862	879,154	4,542,251
Items not affecting cash	(226,963)	(439,515)	10,200,757
Changes in operating assets and liabilities	(391,878)	(1,106,577)	(8,940,155)
Interest received	2,748,331	1,968,256	8,236,560
Interest paid	(1,582,912)	(1,073,227)	(4,853,526)
Income taxes paid	(145,121)	(137,552)	(586,579)
Cash generated from operating activities	2,005,318	90,539	8,599,308
Cash Flows from investing activities:			
Acquisitions, net of cash acquired	(34,028)	0	(1,668,350)
Property, plant and equipment, net	(26,677)	(18,420)	(221,796)
Intangible assets, net	(7,920)	(13,752)	(118,611)
Cash used in investing activities	(68,625)	(32,172)	(2,008,757)
Cash Flows from financing activities:			
Dividends paid to stockholders	(936,590)	(899,248)	(1,638,603)
Dividend paid to minority interest	(167,489)	(170,341)	(329,936)
Ordinary shares issued	20,811	16,798	16,798
Preference shares issued	(6,865)	1,264,348	1,264,324
Proceeds from loans, net	863,850	0	1,124,974
Cash provided by/(used in) financing activities	(226,283)	211,557	437,557
Effects of exchange rate changes	636,422	(248)	260,191
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of year	9,547,751	2,259,452	2,259,452
Increase in net cash and cash equivalents	2,346,832	269,676	7,288,299
Net cash and cash equivalents, at end of period	11,894,583	2,529,128	9,547,751

Consolidated Segmental Financial Information
For the period ended 31 March 2009

	Individual Life	Employee Benefits	Banking and Asset management	General Insurance	All other	Eliminations	March - 09 Group
Revenues from external customers	1,671,069	3,391,794	823,438	182,034	337,851		6,406,186
Intersegment revenues	0	8,963	36,717	1,694	4,728	(52,102)	0
Total revenue	1,671,069	3,400,757	860,155	183,728	342,579	(52,102)	6,406,186
Benefits and expenses	(1,220,862)	(2,726,039)	(325,599)	(119,306)	(274,695)	47,374	(4,619,127)
Change in actuarial liabilities	126,240	131,631					257,871
Depreciation	(16,843)	(13,799)	(12,868)	(4,347)	(2,723)		(50,580)
Amortization of intangibles	(1,309)	(34,070)	(40,430)	(4,791)	(4,361)		(84,961)
Finance costs	0	(4,271)	(38,970)	(4,271)	(4,728)	4,728	(47,512)
Profit before tax	558,295	754,209	442,288	51,013	56,072	0	1,861,877
Taxation	(71,914)	(52,505)	(117,903)		(15,693)		(258,015)
Profit after taxation	486,381	701,704	324,385	51,013	40,379	0	1,603,862
Segment assets:	25,369,337	22,345,535	65,189,996	4,883,198	4,607,284	(3,217,122)	119,178,228
Unallocated assets							
Investment in associates							2,725
Deferred tax assets							793,710
Retirement benefit asset							206,190
Total assets							120,180,853
Segment liabilities:	19,436,131	17,732,587	57,682,877	3,102,165	4,569,645	(3,217,122)	99,306,283
Unallocated liabilities							
Deferred tax liabilities							275,491
Retirement benefit obligation							430,422
Business development loans							514,911
Total liabilities							100,527,107
Capital expenditure							25,860

Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	5,495,121	911,065	6,406,186
Total assets	102,420,485	17,760,368	120,180,853

	Individual Life	Employee Benefits	Banking and Asset management	General Insurance	All other	Eliminations	March - 08 Group
Revenues from external customers	1,453,035	1,997,686	612,447	139,738	330,998		4,533,904
Intersegment revenues	0	2,911	32,643	2,259	4,065	(41,878)	0
Total revenue	1,453,035	2,000,597	645,090	141,997	335,063	(41,878)	4,533,904
Benefits and expenses	(1,080,718)	(1,512,408)	(240,854)	(110,153)	(191,295)	37,813	(3,097,615)
Change in actuarial liabilities	(71,113)	(136,048)					(207,161)
Depreciation	(13,790)	(6,503)	(10,997)	(2,318)	(2,868)		(36,476)
Amortization of intangibles	(1,151)	(23,974)	(35,774)	(4,549)	(4,373)		(69,821)
Finance costs	0	(4,124)	0	(4,124)	(2,985)	4,065	(7,168)
Profit before tax	286,263	317,540	357,465	20,853	133,542	0	1,115,663
Taxation	(62,172)	(36,677)	(128,508)		(9,152)		(236,509)
Profit after taxation	224,091	280,863	228,957	20,853	124,390	0	879,154
Segment assets:	17,295,818	14,467,755	52,913,067	3,631,299	2,410,165	(1,684,762)	89,033,342
Unallocated assets							
Investment in associates							2,725
Deferred tax assets							41,813
Retirement benefit asset							49,544
Total assets							89,127,424
Segment liabilities:	13,142,846	9,061,502	44,697,197	2,080,042	2,354,870	(1,684,762)	69,651,695
Unallocated liabilities							
Deferred tax liabilities							150,476
Retirement benefit obligation							308,447
Business development loans							413,924
Total liabilities							70,524,542
Capital expenditure							18,438

Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	3,895,492	638,412	4,533,904
Total assets	80,071,246	9,056,178	89,127,424

Explanatory Notes

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 December 31, 2008 audited financial statements. In addition, the Group adopted the following accounting standards effective 1 January 2009:

- IAS 1, Presentation of Financial Statements (revised)
- IFRS 8, Operating Segments