



Wise Financial Thinking for Life

Sagicor Life Jamaica Limited

Interim Report to Stockholders
for the nine months period ended
30 September 2009

Directors' Statement

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 nine months period to September 2009.

The highlights are:

- ✓ Net profit attributable to Owners of the Parent (Stockholders) of \$4,032.6 million (2008 - \$2,311.7 million)
- ✓ Earnings per share of \$1.07 (2008 – 62 cents)
- ✓ Annualized return on opening equity of 35% (2008 - 20%)
- ✓ Group efficiency ratio of 21% (2008 - 23%)

For the period under review, the SLJ Group produced net profit attributable to Stockholders of \$4,032.6 million, up from \$2,311.7 million recorded for the corresponding period in 2008. The 2009 performance represents earnings per share of \$1.07 as against 62 cents in 2008. Net profit attributable to Stockholders for Q3 was \$1,241.9 million as compared to \$825.6 million for Q3 2008, \$1,347.6 million for Q2 2009 and \$1,443.0 million for Q1 2009. Financial results for Q1 and Q2 were positively influenced by certain significant transactions. The 2009 results also reflect business growth from acquisitions (Blue Cross – Q4 2008, Industrial Alliance in Cayman – Q4 2008 and Guardian Life in Cayman – Q1 2009).

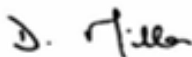
Total revenue of \$21,319.4 million for the year-to-date grew by 47% over the prior year driven primarily by recent acquisitions, portfolio growth and new products. During the nine months period, a total of \$7,708.3 million was paid and or accrued as gross benefits to policyholders and beneficiaries, an increase of 51% over the same period in 2008. This was largely a consequence of enlarged health insurance and annuities portfolios.

The Group continues to manage its operating expenses judiciously and closely monitors efficiency ratios (administration expenses to revenue). The Group efficiency ratio for the period was 21% (adjusted for single premiums), while the ratio in 2008 was 23%, a 10% improvement. For the Insurance entities the ratio was 19% for 2009 and 20% for 2008. There were also non-recurring restructuring costs of \$184 million in the current year, relating to the Blue Cross portfolio integration and other structural changes within the Group.

Total assets of the Group grew by 15% since December 2008 to reach \$135.5 billion. The book value of Stockholders' equity ended the period at \$19,408.3 million, reflecting a 25% increase over December 2008. This growth in Equity manifests strong current year earnings and improvement in the fair values of securities classified as Available-for-sale. During 2009, SLJ distributed dividends of \$2,141.2 million to Stockholders (57 cents per share). The annualized return on opening Stockholders' equity (ROE) for the period was 35% while the corresponding return for 2008 was 20%.

Although the Group has performed well so far in 2009, Directors and Management remain cautious as the Jamaican economy goes through a period of adjustment.

On behalf of the Board of Directors:



Dodridge Miller
Chairman
3 November, 2009

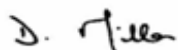


Richard Byles
President and CEO

Consolidated Statement of Financial Position
as at 30 September 2009
(Expressed in thousands of Jamaican dollars)

	Sept - 09 Un-audited	Sept - 08 Un-audited	Dec - 08 Audited
Assets:			
Financial investments	97,329,423	71,557,728	83,835,033
Securities purchased under resale agreements	10,550,021	4,583,623	4,448,058
Derivative financial instruments	236,251	0	2,957,306
Other investments	955,189	295,905	328,900
	<u>109,070,884</u>	<u>76,437,256</u>	<u>91,569,297</u>
Intangible assets	5,151,042	4,867,002	5,291,788
Other assets	13,311,235	10,459,477	14,369,633
Segregated funds' assets	7,965,933	6,912,898	6,560,697
	<u>26,428,210</u>	<u>22,239,377</u>	<u>26,222,118</u>
Total Assets	135,499,094	98,676,633	117,791,415
Liabilities:			
Insurance and annuity contracts liabilities	18,374,257	7,732,821	15,418,023
Investment contracts liabilities	12,492,451	6,767,593	8,891,676
Other insurance policy liabilities	3,889,023	3,327,026	4,419,744
	<u>34,755,731</u>	<u>17,827,440</u>	<u>28,729,443</u>
Securities sold under repurchase agreements	43,103,393	37,928,698	39,957,153
Customer deposits	8,820,834	6,576,746	7,419,989
Due to banks and other financial institutions	9,676,432	5,345,870	5,888,277
Derivative financial instruments and structured products	637,475	0	3,790,856
Redeemable preference shares	1,270,867	1,264,324	1,271,190
Other liabilities	5,237,413	4,083,183	4,584,929
Segregated funds' liabilities	7,965,933	6,912,898	6,560,697
	<u>76,712,347</u>	<u>62,111,719</u>	<u>69,473,091</u>
Total liabilities	111,468,078	79,939,159	98,202,534
Equity:			
Share Capital	7,837,013	7,796,463	7,796,463
Other components of equity	629,986	(973,867)	(1,319,255)
Retained earnings	10,941,323	7,440,885	9,066,612
Owners's equity	19,408,322	14,263,481	15,543,820
Non-controlling interests	4,622,694	4,473,993	4,045,061
	<u>24,031,016</u>	<u>18,737,474</u>	<u>19,588,881</u>
Total Equity	24,031,016	18,737,474	19,588,881
Total Liabilities and Equity	135,499,094	98,676,633	117,791,415

On behalf of the Board of Directors:



Dodridge Miller
Chairman
3 November 2009



Richard Byles
President and CEO

Consolidated Income Statement
for the nine months period ended 30 September 2009
(Expressed in thousands of Jamaican dollars)

	Sept - 09 Quarter Unaudited	Sept- 08 Quarter Unaudited	Sept - 09 Year-to- date Unaudited	Sept - 08 Year-to-date Unaudited	Dec - 08 Full year Audited
Revenues:					
Net premium revenue	4,136,070	3,778,668	13,939,763	9,755,557	20,269,545
Net investment income	1,911,676	1,131,706	5,149,884	3,406,564	5,786,137
Impairment charge	(779)	0	(22,304)	0	(274,885)
Fees and other revenues	616,118	466,182	2,252,104	1,389,956	2,478,139
Total revenue	6,663,085	5,376,556	21,319,447	14,552,077	28,258,936
Benefits and expenses:					
Net insurance benefits incurred	2,503,536	1,604,546	7,383,539	4,715,609	6,914,259
Changes in insurance and annuity liabilities	192,904	915,041	1,866,767	1,411,374	8,282,542
Administration expenses	1,483,173	1,089,475	4,419,138	3,306,282	4,939,938
Commissions and related expenses	722,735	514,673	2,001,994	1,550,861	2,227,600
Amortization of intangible assets	87,358	70,052	256,058	210,818	283,129
Finance cost	48,792	7,243	144,653	21,589	29,190
Total benefits and expenses	5,038,498	4,201,030	16,072,149	11,216,533	22,676,658
Profit before taxation	1,624,587	1,175,526	5,247,298	3,335,544	5,582,278
Taxation	(214,982)	(217,160)	(709,581)	(598,977)	(1,040,027)
Profit after taxation	1,409,605	958,366	4,537,717	2,736,567	4,542,251
Net profit attributable to:					
Owners of the parent	1,241,945	825,646	4,032,565	2,311,741	3,928,094
Non-controlling interests	167,660	132,720	505,152	424,826	614,157
Net profit for period	1,409,605	958,366	4,537,717	2,736,567	4,542,251
Earnings per share for profit attributable to Owners:					
Basic and diluted earnings per share	\$0.33	\$0.22	\$1.07	\$0.62	\$1.05

Consolidated Statement of Comprehensive Income
for the nine months period ended 30 September 2009
(Expressed in thousands of Jamaican dollars)

	Sept - 09 Year-to-date Unaudited	Sept - 08 Year-to-date Unaudited	Dec - 08 Full year Audited
Net profit for the period	4,537,717	2,736,567	4,542,251
Other comprehensive income:			
Changes in fair value reserves			
Owner occupied properties	0	63,395	150,195
Available-for-sale financial assets	2,079,293	(2,279,578)	(3,603,232)
Cash flow hedges	(92,284)	0	199,487
	<u>1,987,009</u>	<u>(2,216,183)</u>	<u>(3,253,550)</u>
Re-translation of foreign operations	330,077	115,013	445,778
Other comprehensive income/(loss) for the period, net of tax	<u>2,317,086</u>	<u>(2,101,170)</u>	<u>(2,807,772)</u>
Total comprehensive income for the period , net of tax	<u>6,854,803</u>	<u>635,397</u>	<u>1,734,479</u>
Total comprehensive income attributable to:			
Owners of the parent	5,952,777	377,681	1,652,670
Non-controlling interests	902,026	257,716	81,809
	<u>6,854,803</u>	<u>635,397</u>	<u>1,734,479</u>

Consolidated Statement of Changes in Equity
for the nine months period ended 30 September 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 30 Septemeber 2008:								
Balance as at January 1, 2008	7,779,665	6,999,651	534,669	(2,292)	195,332	15,507,025	4,396,953	19,903,978
Total comprehensive income for the period	0	2,311,741	103,057	(2,037,116)	0	377,682	257,716	635,398
Value of employee services rendered	0	0	0	0	20,377	20,377	3,585	23,962
Employee share options excersised	16,798				(8,399)	8,399		8,399
Dividend declared	0	(1,650,002)	0	0	0	(1,650,002)	0	(1,650,002)
Dividend paid to non-controlling interests						0	(184,261)	(184,261)
Adjustment between regulatory loan provision and IFRS	0	(1,205)	0	0	1,205	0	0	0
Transfer to special investment reserve	0	(15,529)	0	0	15,529	0	0	0
Transfer to retained earning reserves	0	(203,771)		0	203,771	0	0	0
Balance as at 30 September 2008	7,796,463	7,440,885	637,726	(2,039,408)	427,815	14,263,481	4,473,993	18,737,474
Period ended 30 September 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	4,032,565	339,338	1,580,874	0	5,952,777	902,026	6,854,803
Issue of shares	29,658	0	0	0	0	29,658	0	29,658
Value of employee services rendered	0	0	0	0	20,435	20,435	3,527	23,962
Employee share options excersised	10,892	0	0	0	(8,103)	2,789	0	2,789
Dividend declared	0	(2,141,157)	0	0	0	(2,141,157)	0	(2,141,157)
Dividend paid to non-controlling interests	0	0	0	0	0	0	(327,920)	(327,920)
Adjustment between regulatory loan provision and IFRS	0	(16,697)	0	0	16,697	0	0	0
Balance as at 30 September 2009	7,837,013	10,941,323	1,266,050	(1,117,898)	481,834	19,408,322	4,622,694	24,031,016

Consolidated Statement of Cash Flows
for the nine months period ended 30 September 2009
(Expressed in thousands of Jamaican dollars)

	Sept - 09 Year-to-date Un-audited	Sept - 08 Year-to-date Un-audited	December - 08 Full year Audited
Cash Flows from operating activities:			
Net profit	4,537,717	2,736,567	4,542,251
Items not affecting cash	2,068,799	828,200	10,200,757
Changes in operating assets and liabilities	(3,000,030)	(363,122)	(7,815,181)
Interest received	8,918,520	6,078,857	8,236,560
Interest paid	(4,661,126)	(3,403,535)	(4,853,526)
Income taxes paid	(584,375)	(445,107)	(586,579)
Cash generated from/(used in) operating activities	7,279,505	5,431,860	9,724,282
Cash Flows from investing activities:			
Acquisitions, net of cash acquired	(34,214)	0	(1,668,350)
Property, plant and equipment, net	(142,820)	(145,613)	(221,796)
Intangible assets, net	(27,542)	(61,285)	(118,611)
Cash used in investing activities	(204,576)	(206,898)	(2,008,757)
Cash Flows from financing activities:			
Dividends paid to stockholders	(2,134,388)	(899,368)	(1,638,603)
Dividend paid to minority interest	(345,178)	(170,341)	(329,936)
Ordinary shares	40,551	16,798	16,798
Preference shares	(118,530)	1,264,324	1,264,324
Cash provided by financing activities	(2,557,545)	211,413	(687,417)
Effects of exchange rate changes	701,336	99,970	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	5,218,720	5,536,345	7,288,299
Net cash and cash equivalents, at end of period	14,766,471	7,795,797	9,547,751

Consolidated Segmental Financial Information
for the nine months period ended 30 September 2009
(Expressed in thousands of Jamaican dollars)

	Individual Life	Employee Benefits	Banking and Asset management	General Insurance	All other	Eliminations	Sept - 09 Group
Revenues from external customers	5,219,448	11,616,657	2,740,819	576,868	1,165,655	0	21,319,447
Inter-segment revenues	61,465	80,228	(18,958)	8,316	29,118	(160,169)	0
Total revenue	5,280,913	11,696,885	2,721,861	585,184	1,194,773	(160,169)	21,319,447
Benefits and expenses	(3,696,747)	(7,814,142)	(1,033,232)	(413,401)	(839,296)	148,129	(13,648,689)
Change in actuarial liabilities	(100,702)	(1,766,065)		0			(1,866,767)
Depreciation	(50,176)	(45,867)	(37,443)	(11,038)	(11,458)	0	(155,982)
Amortization of intangibles	(4,475)	(102,120)	(120,913)	(14,834)	(13,716)	0	(256,058)
Finance costs	0	(13,222)	(118,208)	(13,223)	(12,040)	12,040	(144,653)
Profit before tax	1,428,813	1,955,469	1,412,065	132,688	318,263	0	5,247,298
Taxation	(208,167)	(127,067)	(375,183)	0	836	0	(709,581)
Profit after taxation	1,220,646	1,828,402	1,036,882	132,688	319,099	0	4,537,717

Segment assets:	33,192,382	24,446,066	67,999,247	5,060,822	9,003,165	(4,741,590)	134,960,092
Unallocated assets							
Investment in associates							2,725
Deferred tax assets							330,087
Retirement benefit asset							206,190
Total assets							135,499,094

Segment liabilities:	24,307,318	19,601,969	58,934,851	3,156,646	8,990,561	(4,741,590)	110,249,755
Unallocated liabilities							
Deferred tax liabilities							268,686
Retirement benefit obligation							430,422
Business development loans							519,215
Total liabilities							111,468,078

Capital expenditure							123,427
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Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	18,108,626	3,210,821	21,319,447
Total assets	110,463,242	25,035,852	135,499,094

	Individual Life	Employee Benefits	Banking and Asset management	General Insurance	All other	Eliminations	Sept - 08 Group
Revenues from external customers	4,425,281	6,998,372	1,996,539	436,676	695,209		14,552,077
Inter-segment revenues	42,171	43,416	39,317	9,232		(134,136)	0
Total revenue	4,467,452	7,041,788	2,035,856	445,908	695,209	(134,136)	14,552,077
Benefits and expenses	(3,195,472)	(4,657,019)	(783,695)	(344,652)	(605,495)	124,098	(9,462,235)
Change in actuarial liabilities	(305,154)	(1,106,220)	0	0	0		(1,411,374)
Depreciation	(43,857)	(20,176)	(34,902)	(7,397)	(4,185)		(110,517)
Amortization of intangibles	(3,470)	(71,973)	(108,562)	(13,702)	(13,111)	0	(210,818)
Finance costs	0	(11,337)	0	(11,337)	(8,953)	10,038	(21,589)
Profit before tax	919,499	1,175,063	1,108,697	68,820	63,465	0	3,335,544
Taxation	(178,891)	(130,245)	(283,074)	0	(6,767)	0	(598,977)
Profit after taxation	740,608	1,044,818	825,623	68,820	56,698	0	2,736,567

Segment assets:	22,167,709	12,784,286	58,637,326	4,047,387	3,504,866	(2,655,875)	98,485,699
Unallocated assets							
Investment in associates							2,725
Deferred tax assets							138,665
Retirement benefit asset							49,544
Total assets							98,676,633

Segment liabilities:	16,291,383	9,255,968	50,277,460	2,472,935	3,454,114	(2,655,875)	79,095,985
Unallocated liabilities							
Deferred tax liabilities							111,994
Retirement benefit obligation							308,447
Business development loans							422,733
Total liabilities							79,939,159

Capital expenditure							145,750
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Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	12,641,964	1,910,113	14,552,077
Total assets	86,510,126	12,166,507	98,676,633

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

2. Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in the presentation for the current year.