

Our 2013 Performance

Directors' Statement

On behalf of the Board of Directors of Sagicor Group Jamaica Ltd (SGJ or the Group) we are pleased to announce the 2013 financial performance of our Group of companies.



7%

Growth in Net Profit Attributable to Stockholders

14%

Growth in Assets

18%

Annualized Return on average Stockholders' Equity (ROE)

20%

Increase in benefits paid to policyholders

Overview

2013 was a year of adjustment for the Jamaican economy. In February the Group participated in the National Debt Exchange and Private Debt Exchange (NDX programme) where our holdings of GOJ securities with a face value of \$60.65 billion were exchanged for new bonds with lower coupons and longer maturities. The Group realized capital losses of \$1 billion from the NDX programme. For the 12 months to December 2013 the Jamaican dollar depreciated by 14.6%, inflation was 9.5% and interest rates were flat. Despite these circumstances the Sagicor Group responded with an overall strong financial performance.

The Group generated consolidated net profit, attributable to stockholders, for the year of \$6.3 billion, an 7.4% improvement over 2012. Earnings per stock unit was \$1.67 compared to \$1.56 in 2012 and the annualized return on average Stockholders' Equity was 18% (2012: 19%). The net profit generated for Q4 was \$2.6 billion, 31% more than the \$1.98 billion posted in Q4 2012.

Highlights			
	Dec 2013 Audited	Restated Dec 2012 Audited	% Change
Total Revenue - J\$ billions	42.36	35.51	19%
Net Profit attributable to Stockholders - J\$ billions	6.30	5.86	7%
Earnings per stock unit (EPS) - J\$	1.67	1.56	7%
Annualized Return on average Stockholders' Equity (ROE)	18%	19%	-5%
Total Assets of Sagicor Group Jamaica - J\$ billions	198.31	174.53	14%
Stockholders' Equity - J\$ billions	35.93	32.86	9%
Sagicor Group Jamaica Share Price	10.17	10.10	1%
Dividend per stock unit - J\$	0.40	0.56	-29%

The Q4 2013 results were buoyed by continued strong new business, unrealized foreign exchange gains and actuarial reserves gains from expense efficiencies and mortality experience.

Total Comprehensive Income, including net profit for the period and movements in reserves held in Equity, was \$4.61 billion compared to \$6.66 billion for 2012. Substantial unrealized fair value losses on available-for-sale securities were recorded during the year, especially USA corporate bonds. At the same time, re-translation of foreign

operations increased Comprehensive Income by \$1.35 billion and there was a charge of \$1.29 billion for re-measurements of retirement benefits obligations.

Operations:

Consolidated Net Profit, attributable to stockholders, of \$6.3 billion was produced from consolidated Revenue of \$42.36 billion. Revenue was above prior year by 19%, driven by very good new business across all lines. Net Premium Income, in aggregate, was 27% more than that for 2012. With respect to the Individual lines

of business, including Universal Life Segregated Funds, earned premiums were up by 12% while Group Insurance and Annuity premiums were 44% higher than prior year. Investment income, before interest expense and capital gains was higher than in the prior year by 4%. Realized capital gains, from security trades, other than the NDX programme, were 9% more than in 2012. Fees and Other Revenues were substantially ahead of prior year, mainly influenced by higher current year unrealized foreign exchange gains from the devaluation of the Jamaican dollar.

Policy benefits to our policyholders or their beneficiaries, including death claims, health claims, annuity payments, surrenders and fund withdrawals, totaled \$15.75 billion, net of reinsurance recoveries. The amount for last year was \$13.09 billion. This 20% increase in benefits cost reflects robust portfolio growth. The change in Insurance and Annuity liabilities reflect provisioning for annuity obligations, expense efficiencies and mortality gains.

Our Team delivered

Net Profits of \$6.3 Billion
our thirteenth consecutive year of growth

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Directors' Statement (Cont'd)

The Banking Group generated net profits of \$1.16 billion, 20% below last year, after absorbing \$191.06 million in capital losses from the NDX programme. Coupons were lower since the exchange but Sagicor Bank grew its loans and deposits portfolios impressively and saw a commensurate growth in fee based income. Unrealized foreign exchange gains from the devaluation of the Jamaican dollar also contributed positively to the results.

Group Administrative expenses of \$7.59 billion were 12% more than in 2012. The increased expenses reflect mainly higher compensation costs, higher loan loss provisions in the Banking Group and high FATCA (The Foreign Account Tax Compliance Act) readiness costs. The normalized Group efficiency ratio of administrative expenses to total revenue was 23% (2012 – 22%).

Cash generated from operating activities for the year was \$3.49 billion while cash and cash equivalents held at the year-end was \$5.44 billion.

Balance Sheet and Managed Funds:

Total assets of SGJ grew to \$198.31 billion, up from \$174.53 billion as at December 2012, a 13.6% increase over the prior year. Total assets under management, as at December 2013, including pension fund assets managed on behalf of clients and unit trusts, amounted to \$329.5 billion, up from \$294.9 billion as at December 2012. Market capitalization of SGJ at December 2013 was \$38.24 billion (2012: \$37.99 billion).

The Stockholders' Equity of SGJ stood at \$35.93 billion, up 9.3% from \$32.86 billion as at December 2012. The growth in equity was driven mainly by Earnings and unrealized foreign exchange gains on re-translation of foreign currency operations.

During March, the SLJ Board of Directors declared an interim dividend distribution of \$714.59 million to Stockholders or a dividend per share of 19 cents. In October, the Directors declared a second interim dividend of \$789.8 million or 21 cents per share. This was a total dividend pay-out of \$1.50 billion or 40 cents per share. The dividend distribution in 2012 was \$2.1 billion or 56 cents per share.

SLJ's risk adjusted capital at December 2013, measured by the Minimum Continuing Capital and Solvency Requirement (MCCSR), was 179.6% (2012: 162.9%). The regulated minimum ratio is 150%.



Over 20,000 runners walkers and wheelchair racers gathered on Knutsford Boulevard for the start of the 15th Annual Sagicor Sigma Corporate Run.

The risk-weighted capital ratios of the Sagicor Investments (Securities Dealer) and Sagicor Bank (Commercial Bank) were 15.2% (2012: 17%) and 16.3% (2012: 21%) respectively. The required minimum regulatory ratio is 10%.

Corporate Social Activities:

The Group continued to make a meaningful contribution to our community in areas of health, sports and education, led by the Sagicor Sigma Corporate Run which raised over \$16 million in 2013 for the Bustamante Hospital for Children, Jamaica National Children's Home and the Best Care Lodge. Since its inception Sagicor Sigma Corporate Run has raised more than \$124 for various worthy causes. Our social responsibilities and our brand are inextricably linked.

Corporate Reorganization

At an Extraordinary General Meeting (EGM) held in September, the stockholders of Sagicor Life Jamaica Limited (SLJ) unanimously approved the reorganization of the Sagicor Jamaica Group of Companies under a Scheme of Arrangement. In December, the new holding company, Sagicor Group Jamaica Limited (SGJ), was listed on the Jamaica Stock Exchange and at the same time Sagicor Life Jamaica Limited was delisted. The existing shareholders of SLJ exchanged their shares for SGJ shares of equal value. By the year-end we also completed another phase of the reorganization plan. This involved SLJ transferring ownership of all subsidiaries, except for the Banking Group, directly to SGJ. The subsidiaries outside of Jamaica now report to SGJ through their immediate Parent company, Sagicor St. Lucia Limited. The reorganization of the Banking Group will take place early in 2014.

Agreement to purchase RBC Jamaica

On January 29, 2014, Sagicor Group Jamaica Limited signed a Sale and Purchase Agreement to acquire all of the issued shares of RBC Royal Bank (Jamaica) Limited and RBTT Securities Jamaica Limited (collectively "RBC Jamaica") from Royal Bank of Canada. The acquisition is subject to regulatory approvals. At December 2013 RBC Jamaica had total assets of \$54 billion.

This acquisition fits with our strategic plans to expand Sagicor's banking footprint, allowing us to serve our customers better.

Outlook for 2014

Jamaica has successfully begun the long and arduous journey towards a sustainable fiscal position and a more competitive economy. Although the initial impact of the corrective measures has been difficult for the average Jamaican, it is the only pathway to sustainable growth. The pending acquisition of RBC Bank by Sagicor is a concrete representation of our growing confidence in the future of the Jamaican economy. It is with optimism therefore that we look forward to 2014.

We thank our customers for the confidence they have placed in us and the hundreds of Team members who strive every day to deliver the quality service you deserve.

On behalf of The Board of Directors:



DR. THE HON. R.D. WILLIAMS
Chairman



RICHARD O. BYLES
President & CEO

28 February 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 | (Expressed in thousands of Jamaican dollars)

	December 2013 Audited	Restated December 2012 Audited	Restated December 2011 Audited
ASSETS:			
Cash resources	5,075,694	4,979,322	3,419,747
Financial investments	157,456,132	133,383,921	123,426,897
Securities purchased under resale agreements	4,332,544	1,810,324	1,043,005
Derivative financial instruments	3,019,597	4,253,104	839,420
Loans & leases, after allowance for credit losses	10,821,201	9,391,290	9,259,647
Investment properties	782,345	2,400,826	2,539,343
Investment in joint venture	639,235	544,115	-
Property, plant and equipment	1,676,573	1,684,079	1,535,046
Pledged assets	3,278,856	3,943,434	7,831,016
Intangible assets	4,015,509	4,164,735	4,314,637
Taxation recoverable	2,327,391	2,679,681	1,867,294
Other assets	4,885,220	5,297,085	4,296,406
TOTAL ASSETS	198,310,297	174,531,916	160,372,458
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to stockholders of the company			
Share capital	7,854,938	7,854,938	7,854,938
Equity reserves	5,343,433	5,734,286	4,463,415
Retained earnings	22,727,470	19,266,331	16,092,261
	35,925,841	32,855,555	28,410,614
Non-controlling interests	1,695,002	1,759,279	1,763,242
Total Equity	37,620,843	34,614,834	30,173,856
Liabilities			
Securities sold under repurchase agreements	55,630,546	55,333,734	53,346,356
Due to banks and other financial institutions	16,716,280	10,767,058	11,545,117
Customer deposits	11,881,676	11,090,266	10,599,897
Derivative financial instruments and structured products	5,012,163	5,164,666	975,513
Other liabilities	6,910,341	5,026,947	6,199,805
Policyholders' Funds			
Insurance contracts liabilities	48,565,731	39,323,445	34,873,187
Investment contracts liabilities	13,260,293	10,796,857	10,353,016
Other policy liabilities	2,712,424	2,414,109	2,305,711
	64,538,448	52,534,411	47,531,914
Total Liabilities	160,689,454	139,917,082	130,198,602
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES	198,310,297	174,531,916	160,372,458


DR. THE HON. R.D. WILLIAMS
Chairman
28 February 2014


RICHARD O. BYLES
President & CEO

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013 | (Expressed in thousands of Jamaican dollars)

	December 2013 Audited	Restated December 2012 Audited
Revenue:		
Net premium revenue	29,224,496	22,960,833
Net investment income	8,784,969	9,529,379
Fees and other revenue	4,346,700	3,017,179
Total revenue	42,356,165	35,507,391
Benefits and Expenses:		
Net insurance benefits incurred	15,754,497	13,091,571
Changes in insurance and annuity liabilities	7,476,839	4,675,808
Administration expenses	7,591,707	6,785,409
Commissions and related expenses	3,636,250	3,186,483
Amortization of intangible assets	254,220	269,098
Premium and other taxes	616,452	571,506
Total benefits and expenses	35,329,965	28,579,875
Share of loss from joint venture	10,021	10,767
Share of loss from disposal of associate	1,716	-
Profit before Taxation	7,014,463	6,916,749
Investment and Corporation Taxes	(561,773)	(855,217)
NET PROFIT	6,452,690	6,061,532
Attributable to:		
Stockholders of the parent company	6,297,935	5,864,574
Non-controlling Interests	154,755	196,958
	6,452,690	6,061,532
Earnings per stock unit for profit attributable to stockholders of the parent company:		
Basic and Fully diluted	\$1.67	\$1.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013 | (Expressed in thousands of Jamaican dollars)

	December 2013 Audited	Restated December 2012 Audited
Net profit for the year	6,452,690	6,061,532
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss		
Available-for-sale investments:		
Unrealised gains/(losses) on available-for-sale investments	(869,109)	851,976
Gains recycled and reported in profit	(1,173,294)	(730,494)
	<u>(2,042,403)</u>	<u>121,482</u>
Cash flow hedge:		
Gains reclassified and reported in profit	-	(38,220)
Re-translation of foreign operations	1,345,070	747,994
Items that will not be subsequently reclassified to profit or loss		
Owner occupied properties:		
Unrealised gains/(losses) on owner occupied properties	143,299	(56,368)
Re-measurements of retirement benefits obligations	(1,286,821)	(177,044)
Total other income recognised directly in stockholders' equity, net of taxes	<u>(1,840,855)</u>	<u>597,844</u>
Total Comprehensive Income	4,611,835	6,659,376
Total Comprehensive Income attributable to:		
Stockholders of the parent company	4,546,349	6,558,760
Non-controlling interests	65,486	100,616
	4,611,835	6,659,376

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in thousands of Jamaican dollars)

Period ended 31 December 2013:

Balance as 1 January 2013 (as previously reported)	7,854,938	5,533,916	19,255,396	32,644,250	1,756,647	34,400,897
Segregated funds reserves	-	200,370	-	200,370	-	200,370
Effects of changes in accounting policies	-	-	10,935	10,935	2,632	13,567
Balance as at 1 January 2013 (restated)	7,854,938	5,734,286	19,266,331	32,855,555	1,759,279	34,614,834
Total comprehensive income for the period	-	(471,965)	5,018,314	4,546,349	65,486	4,611,835
Transactions with owners -						
Employee share option scheme - value of services provided	-	34,529	-	34,529	2,183	36,712
Employee stock grants and options exercised/expired	-	(6,196)	-	(6,196)	(10,635)	(16,831)
Dividends paid to owners of the parent	-	-	(1,504,396)	(1,504,396)	-	(1,504,396)
Dividends paid to non-controlling interests	-	-	-	-	(121,311)	(121,311)
Total Transactions with owners	-	28,333	(1,504,396)	(1,476,063)	(129,763)	(1,605,826)
Adjustment between regulatory loan provision and IFRS						
To special investment reserve	-	65,820	(65,820)	-	-	-
To retained earnings	-	(17,863)	17,863	-	-	-
Adjustment between regulatory loan	-	4,822	(4,822)	-	-	-
Total transfers between reserves	-	52,779	(52,779)	-	-	-
Balance as at 31 December 2013	7,854,938	5,343,433	22,727,470	35,925,841	1,695,002	37,620,843

Period ended 31 December 2012:

Balance as 1 January 2012 (as previously reported)	7,854,938	4,459,464	15,975,564	28,289,966	1,763,242	30,053,208
Segregated funds reserves	-	3,955	-	3,955	-	3,955
Effects of changes in accounting policies	-	-	116,697	116,697	-	116,697
Balance as at 1 January 2012 (restated)	7,854,938	4,463,419	16,092,261	28,410,618	1,763,242	30,173,860
Total comprehensive income for the period	-	873,862	5,684,898	6,558,760	100,616	6,659,376
Transactions with owners -						
Employee share option scheme - value of services provided	-	29,719	-	29,719	916	30,635
Employee stock grants and options exercised/expired	-	(37,386)	-	(37,386)	-	(37,386)
Dividends paid to non-controlling interests	-	-	-	-	(105,495)	(105,495)
Dividends paid to owners of the parent	-	-	(2,106,156)	(2,106,156)	-	(2,106,156)
Total Transactions with owners	-	(7,667)	(2,106,156)	(2,113,823)	(104,579)	(2,218,402)
Transfer between reserves -						
To retained earnings reserve	-	427,250	(427,250)	-	-	-
To special investment reserve	-	5,603	(5,603)	-	-	-
To retained earnings	-	(30,108)	30,108	-	-	-
Adjustment between regulatory loan provision and IFRS	-	1,927	(1,927)	-	-	-
Total transfer between reserves	-	404,672	(404,672)	-	-	-
Balance as at 31 December 2012 (restated)	7,854,938	5,734,286	19,266,331	32,855,555	1,759,279	34,614,834

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CONSOLIDATED SEGMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in thousands of Jamaican dollars)

	Individual Insurance	Employee Benefits	Banking and Asset Management	All other	Eliminations	Audited December 2013 Group
Operating results:						
External revenues	15,977,123	20,350,617	3,759,607	2,268,818	-	42,356,165
Inter-segment revenues	(436,159)	(14,690)	137,947	(63,992)	376,894	-
Total revenue	15,540,964	20,335,927	3,897,554	2,204,826	376,894	42,356,165
Benefits and expenses	(11,735,986)	(11,786,348)	(1,973,994)	(1,629,280)	353,054	(26,772,554)
Change in actuarial liabilities	(1,849,141)	(5,738,103)	-	-	110,405	(7,476,839)
Depreciation	(80,959)	(34,810)	(52,133)	(41,998)	-	(209,900)
Amortization of intangibles	(14,861)	(117,693)	(108,905)	(12,761)	-	(254,220)
Finance costs	-	-	-	(25,845)	25,845	-
Premium and other taxes	(377,270)	(61,870)	(113,188)	(64,124)	-	(616,452)
Total benefits and expenses	(14,058,217)	(17,738,824)	(2,248,220)	(1,774,008)	489,304	(35,329,965)
Share of loss from joint venture	-	(10,021)	-	-	-	(10,021)
Share of loss on disposal of associate	-	-	-	(1,716)	-	(1,716)
Profit before tax	1,482,747	2,587,082	1,649,334	429,102	866,198	7,014,463
Investment and corporation taxes	(75,019)	(243,738)	(309,834)	66,818	-	(561,773)
Profit after taxation	1,407,728	2,343,344	1,339,500	495,920	866,198	6,452,690
Segment assets:	49,260,856	48,667,695	94,730,720	14,462,711	(9,749,027)	197,372,955
Unallocated assets						
Investment in joint venture						639,235
Deferred tax asset						298,107
Total assets						198,310,297
Segment liabilities:	32,262,865	38,824,262	82,571,030	14,153,559	(9,782,674)	158,029,042
Unallocated liabilities						
Deferred tax liabilities						1,144
Retirement benefits obligations						2,659,268
Total liabilities						160,689,454
Other Segment items:						
Capital expenditure: Computer software						33,601
Property, plant and equipment						191,396
						224,997

	Geographical information:			Total Group
	Jamaica	Cayman Islands	Other	
Revenue	38,979,896	3,369,858	6,411	42,356,165
Total assets	168,611,799	29,052,492	646,006	198,310,297

	Individual Insurance	Employee Benefits	Banking and Asset Management	All other	Eliminations	Restated Audited December 2012 Group
Operating results:						
External revenues	14,665,165	15,150,310	4,153,120	1,538,796	-	35,507,391
Inter-segment revenues	(641,957)	(10,283)	36,736	(13,061)	628,565	-
Total revenue	14,023,208	15,140,027	4,189,856	1,525,735	628,565	35,507,391
Benefits and expenses	(9,939,737)	(10,075,776)	(1,882,999)	(1,352,931)	402,897	(22,848,546)
Change in actuarial liabilities	(2,686,300)	(2,253,481)	-	-	263,973	(4,675,808)
Depreciation	(88,151)	(39,286)	(50,410)	(37,066)	-	(214,913)
Amortization of intangibles	(13,371)	(118,784)	(126,140)	(10,807)	-	(269,102)
Finance costs	-	-	-	(23,250)	23,250	-
Premium and other taxes	(344,246)	(62,505)	(110,271)	(54,484)	-	(571,506)
Total benefits and expenses	(13,071,805)	(12,549,832)	(2,169,820)	(1,478,538)	690,120	(28,579,875)
Share of loss from joint venture	-	(10,767)	-	-	-	(10,767)
Profit before tax	951,403	2,579,428	2,020,036	47,197	1,318,685	6,916,749
Investment and corporation taxes	(133,500)	(237,867)	(582,457)	98,607	-	(855,217)
Profit after taxation	817,903	2,341,561	1,437,579	145,804	1,318,685	6,061,532
Segment assets:	43,948,619	36,590,941	88,792,500	10,186,799	(5,588,645)	173,930,214
Unallocated assets						
Investment in associates						2,725
Investment in joint venture						544,115
Deferred tax assets						19,133
Retirement benefits asset						35,729
Total assets						174,531,916
Segment liabilities:	29,943,247	28,507,758	75,959,343	9,759,281	(5,620,471)	138,549,158
Unallocated liabilities						
Deferred tax liabilities						357,726
Retirement benefits obligations						1,010,198
Total liabilities						139,917,082
Other Segment items:						
Capital expenditure: Computer software						88,933
Property, plant and equipment						427,887
						516,820

	Geographical information:			Total Group
	Jamaica	Cayman Islands	Other	
Revenue	32,135,848	3,371,543	-	35,507,391
Total assets	151,143,993	22,843,716	544,207	174,531,916

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013
(Expressed in thousands of Jamaican dollars)

	December 2013 Audited	Restated December 2012 Audited
Cash Flows from Operating Activities:		
Net Profit	6,452,690	6,061,532
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	838,725	(3,378,794)
Changes in other operating assets and liabilities	3,004,279	(5,459,376)
Net Investment purchases	(13,355,416)	(1,115,394)
Interest received	12,443,458	11,866,834
Interest paid	(4,009,269)	(4,106,351)
Income taxes paid	(1,882,830)	(1,728,353)
Net cash generated from operating activities	3,491,637	2,140,098
Cash Flows from Investing Activities:		
Investment in joint venture	(26,512)	(555,382)
Purchase of Property, plant and equipment, net	(189,652)	(419,597)
Purchase of intangible assets	(33,600)	(87,637)
Net cash used in investing activities	(249,764)	(1,062,616)
Cash Flows from Financing activities:		
Dividends paid to stockholders	(1,504,396)	(2,106,156)
Dividends paid to non - controlling interests	(48,204)	(105,495)
Net cash used in financing activities	(1,552,600)	(2,211,651)
Cash and cash equivalents:		
Effect of exchange rate on cash and cash equivalents	688,136	253,267
Increase/(Decrease) in cash and cash equivalents	2,377,409	(880,902)
Cash and cash equivalents at beginning of year	3,066,999	3,947,893
Cash and cash equivalents at end of year	5,444,399	3,066,991
Comprising:		
Balances with Banks	4,082,363	4,243,828
Short - Term Deposits	1,326,925	652,702
Securities purchased under resale agreements	3,816,562	1,269,586
Short - Term Loans	(3,582,465)	(2,958,906)
Bank overdraft	(198,986)	(140,219)
	5,444,399	3,066,991

EXPLANATORY NOTES

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies as set out in note 2 of the December 31, 2013 audited financial statements. Certain comparative numbers have been restated due to adoption of the following Interpretations and Amendments:

- Amendments to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- IAS 19, 'Employee benefits' eliminates the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).
- IAS 28 (Revised), 'Investments in Associates and Joint Ventures', includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRS 7, Disclosures – Offsetting financial assets and financial liabilities amendments require an entity to disclose information about the rights to offset and related arrangements (example collateral arrangements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. These amendments did not have a significant impact on the Group's financial statements.
- IFRS 10, 'Consolidated Financial Statements', replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and Separate Financial Statements', and SIC-12, 'Consolidation – Special Purpose Entities'. IAS 27 (Revised) now renamed 'Separate Financial Statements'. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess.
- IFRS 11, 'Joint Arrangements' provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

Within the framework of IFRS 10, 'Consolidated Financial Statements' the Group has retroactively amended the accounting treatment of Universal Life Segregated Funds to account for these funds on a line-by-line basis through-out the Statement of Financial position and the Income Statement. Previously these funds were carried on the Balance Sheet as a single line for the assets held and a single line for the liabilities.