



Wise Financial Thinking for Life

Sagicor Life Jamaica Limited

Interim Report to Stockholders
for the six month period to June 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 six month period to June 2009.

The highlights are:

- Net profit attributable to Owners of \$2,790.6 million (2008 - \$1,486.1 million)
- Earnings per share of 74 cents (2008 – 40 cents)
- Return on opening equity of 36% (2008 – 20%)
- Group efficiency ratio of 22% (2008 – 25%)

For the period under review, the SLJ Group produced net profit attributable to Owners of \$2,790.6 million, 88% more than that recorded for the corresponding period in 2008. The 2009 performance represents earnings per share of 74 cents as against 40 cents in 2008 (85% increase). Net profit attributable to Owners for Q2 2009 was \$1,347.6 million as compared to \$728.9 million for Q2 2008 and \$1,443 million for Q1 2009. Financial results for the six month period to June 2009 were positively influenced by certain unusual transactions. If these unusual items were excluded, the year-to-date earnings would be about 32% better than last year.

The Q2 2009 results benefited from continued strong new business, especially in the Employee Benefits line. Additionally, 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 Q1 2009 and a corresponding favorable impact on earnings. A significant reduction in interest rates would lead to an increase in actuarial liabilities with the possibility of a reversal of this gain. The 2009 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).

Total revenue of \$14,656.4 million for the year-to-date was up 60% over the prior year. Revenues from the primary lines of business were higher than the prior year and ahead of expectations. Recent acquisitions, portfolio growth, better than anticipated interest rate spreads, foreign exchange translation gains and realized capital gains from sale of securities contributed to the revenue growth.

During the six month period, a total of \$5,105.5 million was paid and or accrued as gross benefits to policyholders and beneficiaries of the Group, an increase of 53% over the same period in 2008. This was primarily a consequence of the enlarged health insurance and annuities portfolios. Beyond the recent business growth it was evident that benefits experience trended upwards. The cost of gross death claims of \$796.5 million was in line with expectations but 24% higher than for the same period in 2008. The change in insurance and annuity liabilities of \$1,673.9 million to June 2009 reflects business growth during the current quarter.

The Group manages its operating expenses judiciously and closely monitors efficiency ratios (administration expenses per revenue). The normalized Group efficiency ratio for the period was 22% compared to 25% in 2008, a 12% improvement. For the Insurance entities the ratio was 19% for 2009 and 22% for 2008. There were also non-recurring restructuring costs of about \$150 million during the current quarter, relating to the Blue Cross portfolio integration and other structural changes in the Group.

Directors' Statement continued

Total assets of the Group grew by 10% during the period to \$130 billion. The book value of Owners' Equity ended the period at \$18,104.1 million, reflecting a 17% increase since December 2008. This increase is a consequence of improvement in earnings and some securities fair values. SLJ distributed \$938.7 million (or 25 cents per share) as a dividend payment to Owners on 31 March, 2009. The annualized return on opening Owners' Equity (ROE) for the period was 36% while the corresponding return for 2008 was 20%.

Despite these excellent results for the first half year, the macro-economic environment remains challenging and the full effects of the global recession may yet be felt. Directors and Management are keenly aware of the times in which we operate and will continue to manage operations prudently.

On behalf of the Board of Directors:

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

Dodridge Miller
Chairman
29 July, 2009

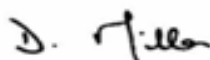
A handwritten signature in black ink, appearing to read 'Richard Byles'.

Richard Byles
President and CEO

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

	June - 09 Un-audited	June - 08 Un-audited	Dec - 08 Audited
Assets:			
Financial investments	92,717,413	73,298,252	83,835,033
Securities purchased under resale agreements	9,262,931	2,197,555	4,448,058
Derivative financial instruments	576,514	0	2,957,306
Other investments	618,355	284,341	328,900
	<u>103,175,213</u>	<u>75,780,148</u>	<u>91,569,297</u>
Intangible assets	5,231,438	4,901,155	5,291,788
Other assets	13,653,209	9,106,859	14,369,633
Segregated funds' assets	7,456,779	6,944,878	6,560,697
	<u>26,341,426</u>	<u>20,952,892</u>	<u>26,222,118</u>
Total Assets	<u>129,516,639</u>	<u>96,733,040</u>	<u>117,791,415</u>
Liabilities:			
Insurance and annuity contracts liabilities	18,177,358	6,806,403	15,418,023
Investment contracts liabilities	9,999,119	7,128,524	8,891,676
Other insurance policy liabilities	4,202,618	3,103,203	4,419,744
	<u>32,379,095</u>	<u>17,038,130</u>	<u>28,729,443</u>
Securities sold under repurchase agreements	42,638,827	37,391,668	39,957,153
Customer deposits	8,656,257	5,411,081	7,419,989
Due to banks and other financial institutions	8,423,224	6,480,491	5,888,277
Derivative financial instruments and structured products	968,330	0	3,790,856
Redemable preference shares	1,270,858	1,264,324	1,271,190
Other liabilities	5,250,640	3,102,378	4,584,929
Segregated funds' liabilities	7,456,779	6,944,878	6,560,697
	<u>74,664,915</u>	<u>60,594,820</u>	<u>69,473,091</u>
Total liabilities	<u>107,044,010</u>	<u>77,632,950</u>	<u>98,202,534</u>
Equity:			
Share Capital	7,831,150	7,796,463	7,796,463
Other components of equity	(637,337)	(667,759)	(1,319,255)
Retained earnings	10,910,246	7,568,214	9,066,612
Owners's equity	<u>18,104,059</u>	<u>14,696,918</u>	<u>15,543,820</u>
Non-controlling interests	4,368,570	4,403,172	4,045,061
Total Equity	<u>22,472,629</u>	<u>19,100,090</u>	<u>19,588,881</u>
Total Liabilities and Equity	<u>129,516,639</u>	<u>96,733,040</u>	<u>117,791,415</u>

On behalf of the Board of Directors:



Dodridge Miller
Chairman
29 July 2009



Richard Byles
President and CEO

Consolidated Income Statement
for the six month period to June 2009
(Expressed in thousands of Jamaican dollars)

	June - 09 Quarter Unaudited	June- 08 Quarter Unaudited	June - 09 Year-to- date Unaudited	June - 08 Year-to-date Unaudited	Dec - 08 Full year Audited
Revenues:					
Net premium revenue	5,827,922	3,077,067	9,803,692	5,976,889	20,269,545
Net investment income	1,659,030	1,104,643	3,238,208	2,274,858	5,786,137
Impairment charge	(1,477)	0	(21,525)	0	(274,885)
Fees and other revenues	764,701	459,907	1,635,986	923,774	2,478,139
Total revenue	8,250,176	4,641,617	14,656,361	9,175,521	28,258,936
Benefits and expenses:					
Net insurance benefits incurred	2,402,549	1,600,178	4,880,003	3,111,063	6,914,259
Changes in insurance and annuity liabilities	1,931,734	289,172	1,673,863	496,333	8,282,542
Administration expenses	1,381,182	1,111,617	2,935,964	2,216,807	4,939,938
Commissions and related expenses	641,788	518,173	1,279,259	1,036,188	2,227,600
Amortization of intangible assets	83,739	70,945	168,700	140,766	283,129
Finance cost	48,349	7,178	95,861	14,346	29,190
Total benefits and expenses	6,489,341	3,597,263	11,033,650	7,015,503	22,676,658
Profit before taxation	1,760,835	1,044,354	3,622,711	2,160,018	5,582,278
Taxation	(236,584)	(145,308)	(494,599)	(381,817)	(1,040,027)
Profit after taxation	1,524,251	899,046	3,128,112	1,778,201	4,542,251
Net profit attributable to:					
Owners of the parent	1,347,632	728,922	2,790,617	1,486,095	3,928,094
Non-controlling interests	176,619	170,124	337,495	292,106	614,157
Net profit for period	1,524,251	899,046	3,128,112	1,778,201	4,542,251
Earnings per share for profit attributable to Owners:					
Basic and diluted earnings per share	\$0.36	\$0.19	\$0.74	\$0.40	\$1.05

Consolidated Statement of Comprehensive Income
for the six month period to June 2009
(Expressed in thousands of Jamaican dollars)

	June '09 Year-to-date Unaudited	June '08 Year-to-date Unaudited	Dec '08 Full year Audited
Net profit for the period	3,128,112	1,778,201	4,542,251
Other comprehensive income:			
Changes in fair value reserves			
Owner occupied properties	0	63,395	150,195
Available-for-sale financial assets	418,633	(1,682,775)	(3,603,232)
Cash flow hedges	20,285	0	199,487
	<u>438,918</u>	<u>(1,619,380)</u>	<u>(3,253,550)</u>
Re-translation of foreign operations	377,370	83,109	445,778
Other comprehensive income for the period, net of tax	<u>816,288</u>	<u>(1,536,271)</u>	<u>(2,807,772)</u>
Total comprehensive income for the period , net of tax	<u>3,944,400</u>	<u>241,930</u>	<u>1,734,479</u>
Total comprehensive income attributable to:			
Owners of the parent	3,455,755	67,861	1,652,670
Non-controlling interests	488,645	174,069	81,809
	<u>3,944,400</u>	<u>241,930</u>	<u>1,734,479</u>

Consolidated Statement of Changes in Equity
for the six month period to June 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 June 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	1,486,095	75,766	(1,494,000)	0	67,860	174,069	241,930
Value of employee services rendered	0	0	0	0	13,583	13,583	2,390	15,973
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	(2,053)	0	0	2,053	0	0	0
Transfer to special investment reserve	0	(15,529)	0	0	15,529	0	0	0
Balance as at 30 June 2008	7,796,463	7,568,214	610,435	(1,496,292)	218,098	14,696,918	4,403,172	19,100,090
Period ended 30 June 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	2,790,617	336,853	328,285	0	3,455,755	488,645	3,944,400
Issue of shares	29,658	0	0	0	0	29,658	0	29,658
Value of employee services rendered	0	0	0	0	13,624	13,624	2,353	15,976
Employee share options exercised	5,029	0	0	0	(5,171)	(142)	0	(142)
Dividend declared	0	(938,656)	0	0	0	(938,656)	0	(938,656)
Dividend paid to non-controlling interests	0	0	0	0	0	0	(167,489)	(167,489)
Adjustment between regulatory loan provision and IFRS	0	(8,327)	0	0	8,327	0	0	0
Balance as at 30 June 2009	7,831,150	10,910,246	1,263,565	(2,370,487)	469,585	18,104,059	4,368,570	22,472,629

Consolidated Statement of Cash Flows
for the six month period to June 2009
(Expressed in thousands of Jamaican dollars)

	June - 09 Year-to-date Un-audited	June - 08 Year-to-date Un-audited	December - 08 Full year Audited
Cash Flows from operating activities:			
Net profit	3,128,112	1,778,201	4,542,251
Items not affecting cash	910,910	832,225	10,200,757
Changes in operating assets and liabilities	(5,302,064)	(5,161,300)	(8,940,155)
Interest received	5,771,525	3,952,041	8,236,560
Interest paid	(3,185,241)	(2,170,878)	(4,853,526)
Income taxes paid	(431,644)	(247,236)	(586,579)
Cash generated from/(used in) operating activities	891,598	(1,016,947)	8,599,308
Cash Flows from investing activities:			
Acquisitions, net of cash acquired	(34,201)	0	(1,668,350)
Property, plant and equipment, net	(78,621)	(90,040)	(221,796)
Intangible assets, net	(24,869)	(43,422)	(118,611)
Cash used in investing activities	(137,691)	(133,462)	(2,008,757)
Cash Flows from financing activities:			
Dividends paid to stockholders	(938,850)	(899,256)	(1,638,603)
Dividend paid to minority interest	(167,489)	(170,341)	(329,936)
Ordinary shares	34,687	16,798	16,798
Preference shares	(78,704)	1,264,324	1,264,324
Proceeds from loans, net	2,313,538	1,592,809	1,124,974
Cash provided by financing activities	1,163,182	1,804,334	437,557
Effects of exchange rate changes	671,714	16,200	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	2,588,803	670,125	7,288,299
Net cash and cash equivalents, at end of period	12,136,554	2,929,577	9,547,751

Consolidated Segmental Financial Information
for the six month period to June 2009
(Expressed in thousands of Jamaican dollars)

	Individual Life	Employee Benefits	Banking and Asset management	General Insurance	All other	Eliminations	June - 09 Group
Revenues from external customers	3,348,613	8,457,658	1,770,775	385,024	694,291	0	14,656,361
Inter-segment revenues	51,766	66,089	(11,946)	4,653	0	(110,562)	0
Total revenue	3,400,379	8,523,747	1,758,829	389,677	694,291	(110,562)	14,656,361
Benefits and expenses	(2,385,586)	(5,241,616)	(645,426)	(283,419)	(540,438)	102,023	(8,994,462)
Change in actuarial liabilities	(23,709)	(1,650,154)					(1,673,863)
Depreciation	(34,907)	(26,067)	(25,582)	(8,839)	(5,369)	0	(100,764)
Amortization of intangibles	(2,513)	(66,050)	(80,761)	(9,810)	(9,566)	0	(168,700)
Finance costs	0	(8,745)	(78,372)	(8,745)	(8,538)	8,539	(95,861)
Profit before tax	953,664	1,531,115	928,688	78,864	130,380	0	3,622,711
Taxation	(137,922)	(101,473)	(255,951)	0	747	0	(494,599)
Profit after taxation	815,742	1,429,642	672,737	78,864	131,127	0	3,128,112
Segment assets:	27,814,526	24,586,527	66,172,374	5,501,445	6,179,571	(1,553,427)	128,701,016
Unallocated assets							2,725
Investment in associates							606,708
Deferred tax assets							206,190
Retirement benefit asset							
Total assets							<u>129,516,639</u>
Segment liabilities:	20,527,033	19,204,630	57,879,567	3,602,562	6,151,466	(1,553,427)	105,811,831
Unallocated liabilities							282,546
Deferred tax liabilities							430,422
Retirement benefit obligation							519,211
Business development loans							
Total liabilities							<u>107,044,010</u>
Capital expenditure							<u>183,812</u>

Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	12,689,534	1,966,827	14,656,361
Total assets	109,083,903	20,432,736	129,516,639

	Individual Life	Employee Benefits	Banking and Asset management	General Insurance	All other	Eliminations	June - 08 Group
Revenues from external customers	2,948,875	4,108,220	1,304,981	287,592	525,853		9,175,521
Inter-segment revenues	19,037	9,732	49,942	5,809	0	(84,520)	0
Total revenue	2,967,912	4,117,952	1,354,923	293,401	525,853	(84,520)	9,175,521
Benefits and expenses	(2,106,052)	(3,104,623)	(515,914)	(223,958)	(416,634)	77,470	(6,289,711)
Change in actuarial liabilities	(168,979)	(327,354)					(496,333)
Depreciation	(28,397)	(13,174)	(22,238)	(4,718)	(5,820)		(74,347)
Amortization of intangibles	(2,335)	(47,966)	(72,600)	(9,104)	(8,761)		(140,766)
Finance costs	0	(7,714)	0	(7,713)	(5,969)	7,050	(14,346)
Profit before tax	662,149	617,121	744,171	47,908	88,669	0	2,160,018
Taxation	(116,109)	(75,587)	(184,115)	0	(6,006)		(381,817)
Profit after taxation	546,040	541,534	560,056	47,908	82,663	0	1,778,201

Segment assets:	27,784,240	10,631,097	55,849,208	3,972,432	139,246	(1,785,936)	96,590,287
Unallocated assets							2,725
Investment in associates							90,484
Deferred tax assets							49,544
Retirement benefit asset							
Total assets							<u>96,733,040</u>
Segment liabilities:	22,411,290	8,985,138	44,732,646	2,363,471	84,439	(1,785,936)	76,791,048
Unallocated liabilities							115,027
Deferred tax liabilities							308,447
Retirement benefit obligation							418,428
Business development loans							
Total liabilities							<u>77,632,950</u>
Capital expenditure							<u>90,152</u>

Geographical information:

	Jamaica	Cayman Islands	Total Group
Revenue	7,928,594	1,246,927	9,175,521
Total assets	84,131,648	12,601,392	96,733,040

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