

Sagicor Life Jamaica Limited

Our Q3 2013 Performance



DIRECTORS' STATEMENT

On behalf of the Board of Directors of Sagicor Life Jamaica Ltd (SLJ) we are pleased to announce the Q3 2013 financial performance of our Group of companies. The consolidated results include those of Sagicor Investments Jamaica Limited (formerly known as Pan Caribbean Financial Services Limited and referred to herein as the Banking Group or SIJL) of which SLJ owns 85.45%.

Highlights

	Sept. 2013 YTD Unaudited	Sept. 2012 YTD Unaudited	% Change
Total Revenue - J\$ billions	27.73	23.33	19%
Net Profit attributable to Stockholders - J\$ billions	3.70	3.99	-7%
Earnings per stock unit (EPS) - J\$	0.98	1.06	-8%
Annualized Return on average Stockholders' Equity (ROE)	15%	18%	-17%
Total Assets of the Sagicor Jamaica Group - J\$ billions	190.37	170.76	11%
Stockholders' Equity - J\$ billions	35.05	31.84	10%
SLJ Share Price - J\$	8.60	10.01	-14%
Dividend per stock unit - J\$	0.19	0.28	-32%

Overview

In Q3, 2013 the Sagicor Jamaica Group generated consolidated net profits of \$1.52 billion, attributable to stockholders. This performance was 9% more than the \$1.39 billion posted in Q3 2012. Net profit for previous quarters in 2013 were; Q1 - \$620 million; Q2 - \$1.56 billion. The results in Q3 2013 reflect continued strong new business and a more favorable insurance benefits experience. In addition to good new business in Q2, we benefited from large realized trading gains and unrealized foreign exchange gains. In Q1, we had the impact of the National Debt Exchange and Private Debt Exchange (NDX programme) which resulted in realized capital losses of \$1.2 billion. We anticipated the negative effect of the NDX programme on our results but were also very aware of the long-term potential benefits to the national economy in which the Group operates. Following the NDX programme we now carry a large portion of GOJ securities with lower market values, lower coupon rates and extended tenors.

The consolidated net profit attributable to stockholders for the nine month period was \$3.7 billion, 7% lower than the \$4 billion in 2012. This represents

earnings per stock unit of \$0.98 (2012: \$1.06) and the annualized return on average Stockholders' Equity was 15% (2012: 18%). We delivered the 2013 results despite the effects of the NDX programme. Total Comprehensive Income including, net profit for the period and movements in reserves held in Equity, was \$3.22 billion compared to \$4.68 billion for 2012. Substantial unrealized fair value losses on available-for-sale securities were recorded in Q2 as bond prices fell with rising interest rates, especially USA corporate bonds. By the end of September bond prices showed some improvement.

Operations:

The year-to-date net profit outcome of \$3.7 billion, attributable to stockholders, was produced from consolidated Revenue of \$27.73 billion. Revenue was above prior year by 19%, driven by very good new business in the quarter. Net Premium Income, in aggregate, was 32% more than that for 2012. The Individual lines of business earned premiums were up by 8% while Group Insurance and Annuity premiums were 49% higher than prior year. There was good new business across all lines. Investment income,

before interest expense and capital gains was higher than in the prior year by 1%, reflecting lower coupons from March on some GOJ bonds. Capital gains, for security trades other than the NDX programme, were much lower 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 12% devaluation of the J\$.

A total of \$9.13 billion, net of reinsurance recoveries, was paid in benefits to our policyholders or their beneficiaries. The amount for last year was \$7.76 billion. This 18% increase in benefits costs reflects portfolio growth but also higher death claims experience, more annuity payments, higher health claims ratios and higher individual life policy surrenders during the period. Health insurance claims account for 46% of the benefits paid. The change in Insurance and Annuity liabilities reflect provisioning for annuity obligations and mortality gains.

Group Administrative expenses of \$5.6 billion were 12% more than in 2012. The increased expenses reflect mainly higher compensation costs, a \$120 million legal claim paid in June 2013 in relation to discontinued business, 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 22%, level with 2012.

Cash used in operating activities during the period was \$1.48 billion reflecting large purchases of securities. Cash and cash equivalents at end of September 2013 showed net short-term assets of \$1.5 billion. While consolidated cash and near cash securities remained at about \$6.6 billion, the Banking Group increased its short-term repos intake from other institutions.

The Banking Group generated net profits of \$657.38 million after absorbing \$467.67 million in "one-time" capital losses and reduced interest income following the NDX programme. For the corresponding nine months period last year, the Banking Group generated net profits of \$1.1 billion.

The Banking Group continues to pursue a number of growth initiatives, including

expansion of the commercial bank branch and ABM network, widening of its product offerings and leveraging opportunities with the wider Sagicor Group.

Balance Sheet and Managed Funds:

Total assets of the SLJ Group grew to \$190.37 billion, up from \$175.01 billion as at December 2012, a 10.7% increase over the nine month period. Total assets under management, as at September 2013, including pension fund assets managed on behalf of clients and unit trusts, amounted to \$316.45 billion, up from \$295.42 billion as at December 2012. Market capitalization of SLJ at September 2013 was \$32.34 billion.

SLJ Stockholders' Equity as at September 2013 was \$35.05 billion, compared to \$32.64 billion as at December 2012. Significant unrealized fair value losses were recorded during Q2 for securities carried as available-for-sale. Unrealized foreign exchange gains on retranslation of foreign currency operations contributed positively to the growth in Equity.

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.

SLJ's risk adjusted capital, measured by the Minimum Continuing Capital and Solvency Requirement (MCCSR), was 175.3% as at September 2013. The regulated minimum ratio is 150%.

The risk-weighted capital ratios of the Sagicor Investments (Securities Dealer) and Sagicor Bank (Commercial Bank) were 16.3% and 16.9% respectively. The required minimum regulatory ratio is 10%.

Corporate Social Activities:

For the third quarter, Sagicor's corporate social responsibility was concentrated in areas of Health, Education and Sports, especially for our nation's children.

A number of students were awarded academic grants for outstanding performances in the GSAT Examinations

DIRECTORS' STATEMENT (Continued)



The Sixteen students awarded in August 2013 with five year academic scholarships by Sagikor Life Jamaica pose for a picture with Dr. The Hon. R. Danny Williams, Chairman (back row) and Guest speaker at the Awards Ceremony, Tameka Hill (back row 5th from left). This takes to 244 the total number of beneficiaries since the program began in 1994.

including the Champion Boy and Girl from the JTA/Sagikor National Athletic Championships.

Several schools received donations in cash and kind through our branch network and Adopt-A-School initiative.

We helped Godfrey Stewart High School to celebrate their 50th Anniversary and also assisted the Waterford High Manning Cup Team. The Sagikor Knutsford Branch repaired their Adopted School, August Town Hermitage Basic School.

This year, the Sagikor Motivational Seminar for Team members, chose the Jamaica Christian Boys Home as its charity. The facility was given a facelift with repairs to the roof, kitchen and bathrooms.

Our Human Resources Department donated clothing to Dress for Success Jamaica, an organisation that provides women in need with professional attire.

We ended the quarter by assisting several service organisations including the Jamaica Society for the Blind, Rusea's Old Students Association and the Jamaica Cancer Society.

and currently owns 12 properties valued in excess of \$12 billion.

Corporate Reorganization

At an Extraordinary General Meeting (EGM) held in September, the stockholders of Sagikor Life Jamaica Limited unanimously approved the reorganization of the Sagikor Jamaica Group of Companies under a Scheme of Arrangement. Work continues in earnest on the reorganization project which involves the establishment of a new listed holding company to carry the shares of Sagikor Life Jamaica Limited, Sagikor Investments Jamaica Limited and Sagikor Bank Jamaica Limited.

On behalf of The Board of Directors:



DR. THE HON. R.D. WILLIAMS
Chairman



RICHARD O. BYLES
President & CEO
7 November 2013

Consolidated Statement of Financial Position

as at 30 September 2013
(Expressed in thousands of Jamaican dollars)

	September 2013 Unaudited	September 2012 Unaudited	December 2012 Audited
ASSETS:			
Cash resources	4,869,973	4,139,154	5,480,731
Financial investments	137,747,105	121,423,065	123,805,795
Securities purchased under resale agreements	2,168,410	1,082,326	1,793,910
Derivative financial instruments	3,488,305	4,772,662	4,253,104
Loans & leases, after allowance for credit losses	10,738,153	9,228,647	9,391,290
Investment properties	747,369	701,761	627,731
Property, plant and equipment	1,568,752	1,642,000	1,687,846
Pledged assets	4,307,559	4,799,005	3,943,434
Intangible assets	4,045,737	4,176,763	4,165,089
Other assets	6,794,810	7,238,487	7,768,521
Segregated funds' assets	13,894,506	11,556,950	12,096,859
Total Assets	190,370,679	170,760,820	175,014,310
STOCKHOLDERS' EQUITY AND LIABILITIES:			
Equity attributable to stockholders of the company			
Share capital	7,854,938	7,854,938	7,854,938
Other components of equity	5,016,272	5,520,513	5,533,916
Retained earnings	22,180,485	18,462,026	19,189,212
	35,051,695	31,837,477	32,578,066
Non-controlling interests	1,767,038	1,795,427	1,750,997
Total Equity	36,818,733	33,632,904	34,329,063
Liabilities			
Securities sold under repurchase agreements	54,408,251	53,799,614	55,694,733
Due to banks and other financial institutions	14,230,042	10,954,453	10,682,043
Customer deposits	11,734,114	10,695,537	11,090,266
Derivative financial instruments and structured products	4,296,682	5,553,397	5,164,666
Other liabilities	5,672,607	4,736,098	5,085,989
Policyholders' Funds			
Segregated funds' liabilities	13,894,506	11,556,950	12,096,859
Insurance contracts liabilities	34,640,325	26,915,361	27,659,725
Investment contracts liabilities	11,948,677	10,528,756	10,796,857
Other policy liabilities	2,726,742	2,387,750	2,414,109
	63,210,250	51,388,817	52,967,550
Total Liabilities	153,551,946	137,127,916	140,685,247
Total stockholders' equity and liabilities	190,370,679	170,760,820	175,014,310


DR. THE HON. R.D. WILLIAMS
Chairman
7 November 2013


RICHARD O. BYLES
President & CEO

Consolidated Income Statement

for the nine-months ended 30 September 2013
(Expressed in thousands of Jamaican dollars)

	September 2013 Quarter Unaudited	September 2012 Quarter Unaudited	September 2013 Year-to-date Unaudited	September 2012 Year-to-date Unaudited	December 2012 Full Year Audited
Revenues:					
Net premium revenue	9,404,798	5,147,310	19,293,137	14,642,047	19,530,204
Net investment income	1,980,265	2,141,466	5,167,383	6,664,667	8,665,470
Fees and other revenues	1,108,178	922,162	3,268,547	2,024,575	3,279,585
Total revenue	12,493,241	8,210,938	27,729,067	23,331,289	31,475,259
Benefits and expenses:					
Net insurance benefits incurred	3,060,279	2,662,026	9,128,576	7,764,394	10,360,321
Changes in insurance and annuity liabilities	4,723,174	1,240,700	5,600,613	2,949,729	3,403,028
Administration expenses	1,870,979	1,598,648	5,599,676	4,987,410	6,854,396
Commissions and related expenses	918,261	761,470	2,665,240	2,248,211	3,186,483
Amortization of intangible assets	55,334	69,294	200,610	199,307	269,131
Premium and other taxes	138,102	219,355	436,688	425,422	551,052
Total benefits and expenses	10,766,129	6,551,493	23,631,403	18,574,473	24,624,411
Profit before taxation	1,727,112	1,659,445	4,097,664	4,756,816	6,850,848
Investment and corporation taxes	(166,300)	(228,999)	(312,459)	(616,431)	(863,230)
Net Profit	1,560,812	1,430,446	3,785,205	4,140,385	5,987,618
Attributable to:					
Stockholders of the parent company	1,517,873	1,387,187	3,700,360	3,990,702	5,790,660
Non-controlling Interests	126,751	43,259	84,845	149,683	196,958
	1,644,624	1,430,446	3,785,205	4,140,385	5,987,618
Earnings per stock unit attributable to stockholders of the parent company:					
Basic and Fully diluted	\$0.40	\$0.37	\$0.98	\$1.06	\$1.54



Consolidated Statement of Comprehensive Income

for the nine-months ended 30 September 2013
(Expressed in thousands of Jamaican dollars)

	September 2013 Year-to-date Unaudited	September 2012 Year-to-date Unaudited	December 2012 Full Year Audited
Net profit for the period:	3,785,205	4,140,385	5,987,618
Other comprehensive income:			
Available-for-sale investments:			
Unrealised gains/(losses) on available-for-sale investments	(570,321)	917,482	890,196
Gains recycled and reported in profit	(1,091,170)	(671,730)	(768,714)
	<u>(1,661,491)</u>	<u>245,752</u>	<u>121,482</u>
Owner occupied properties:			
Unrealised gains/(losses) on owner occupied properties	3,760	6,504	(56,368)
Cash flow hedge:			
Gains reclassified and reported in profit	-	-	(38,220)
Retranslation of foreign currency operations	1,092,661	286,175	551,579
Retirement Benefits actuarial gains/(losses)	-	-	(100,536)
Total other income recognised directly in stockholders' equity, net of taxes	<u>(565,070)</u>	<u>538,431</u>	<u>477,937</u>
Total comprehensive income	<u>3,220,135</u>	<u>4,678,816</u>	<u>6,465,555</u>
Total comprehensive income attributable to:			
Stockholders of the parent company	3,167,170	4,588,492	6,367,621
Non-controlling interest	52,965	90,324	97,934
	<u>3,220,135</u>	<u>4,678,816</u>	<u>6,465,555</u>

Consolidated Statement of Changes in Equity

for the nine-months ended 30 September 2013
(Expressed in thousands of Jamaican dollars)

	Share Capital	Retained Earnings	Stock Options Reserve	Currency Translation Reserves	Investment & Fair Value Reserves	Other Reserves	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Period ended 30 September 2013:									
Balance as at 1 January 2013	7,854,938	19,255,396	88,228	1,697,363	883,935	2,864,388	32,644,248	1,756,649	34,400,897
Prior year adjustment - Retirement Benefit actuarial gains/(losses)	-	(66,184)	-	-	-	-	(66,184)	(5,650)	(71,834)
Restated opening balance at 1 January 2013	7,854,938	19,189,212	88,228	1,697,363	883,935	2,864,388	32,578,064	1,750,999	34,329,063
Total comprehensive income for the period	-	3,700,359	-	1,092,662	(1,625,851)	-	3,167,170	52,965	3,220,135
Employee share option scheme - value of services provided	-	-	-	-	-	21,049	21,049	1,637	22,686
Dividends declared to owners	-	(714,588)	-	-	-	-	(714,588)	-	(714,588)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(38,561)	(38,561)
Adjustment between regulatory loan provision and IFRS	-	31,799	-	-	-	(31,799)	-	-	-
Transfer to special investment reserve	-	(26,297)	-	-	-	26,297	-	-	-
Share capital issued	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings reserve	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2013	7,854,938	22,180,485	88,228	2,790,025	(741,916)	2,879,935	35,051,695	1,767,040	36,818,735
Period ended 30 September 2012:									
Balance as at 1 January 2012	7,854,938	15,975,564	-	1,145,784	788,175	2,525,505	28,289,966	1,763,242	30,053,208
Prior year adjustment - Retirement Benefit actuarial gains/(losses)	-	34,302	-	-	-	-	34,302	(5,600)	28,702
Restated opening balance at 1 January 2012	7,854,938	16,009,866	-	1,145,784	788,175	2,525,505	28,324,268	1,757,642	30,081,910
Total comprehensive income for the period	-	3,990,702	-	286,175	311,615	-	4,588,492	90,323	4,678,815
Employee share option scheme - value of services provided	-	-	-	-	-	12,097	12,097	1,552	13,649
Dividends declared to owners	-	(1,053,078)	-	-	-	-	(1,053,078)	-	(1,053,078)
Dividends paid to Non-controlling interest	-	-	-	-	-	-	-	(59,691)	(59,691)
Adjustment between regulatory loan provision and IFRS	-	(25,134)	-	-	-	25,134	-	-	-
Transfer from special investment reserve	-	1,222	-	-	-	(1,222)	-	-	-
Share capital issued	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings reserve	-	(427,250)	-	-	-	427,250	-	-	-
Balance as at 30 September 2012	7,854,938	18,496,328	-	1,431,959	1,099,790	2,988,764	31,871,779	1,789,826	33,661,605
Period ended 31 December 2012:									
Balance as at 1 January 2012	7,854,938	15,975,564	95,895	1,145,784	788,175	2,429,610	28,289,966	1,763,242	30,053,208
Prior year adjustment - Retirement Benefit actuarial gains/(losses)	-	34,302	-	-	-	-	34,302	(5,600)	28,702
Restated balance as at 1 January 2012	7,854,938	16,009,866	95,895	1,145,784	788,175	2,429,610	28,324,268	1,757,642	30,081,910
Total comprehensive income for the period	-	5,690,174	-	551,579	125,868	-	6,367,621	97,934	6,465,555
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	-	(2,106,156)	-	-	-	-	(2,106,156)	-	(2,106,156)
Total Transactions with owners	-	(2,106,156)	(7,667)	-	-	-	(2,113,823)	(104,579)	(2,218,402)
Transfer between reserves -									
From 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)	-	-	(30,108)	434,780	-	-	-
Balance as at 31 December 2012	7,854,938	19,189,212	88,228	1,697,363	883,935	2,864,390	32,578,066	1,750,997	34,329,063



Consolidated Segmental Financial Information

for the nine-months ended 30 September 2013
(Expressed in thousands of Jamaican dollars)

	Individual Insurance	Employee Benefits	Banking and Asset Management	All other	Eliminations	Unaudited September 2013 Group
Operating results:						
External revenues	7,966,973	15,774,778	2,488,375	1,498,941	-	27,729,067
Inter-segment revenues	86,440	11,571	(84,030)	(6,418)	(7,563)	-
Total revenue	8,053,413	15,786,349	2,404,345	2,713,711	(7,563)	27,729,067
Benefits and expenses	(6,058,928)	(8,668,226)	(1,453,837)	(1,148,129)	107,012	(17,222,108)
Change in actuarial liabilities	(632,325)	(4,968,288)	-	-	-	(5,600,613)
Depreciation	(61,652)	(26,779)	(51,379)	(31,574)	-	(171,384)
Amortization of intangibles	(10,861)	(88,349)	(91,782)	(9,618)	-	(200,610)
Finance costs	-	-	-	(19,444)	19,444	-
Premium and other taxes	(267,367)	(46,933)	(89,216)	(33,172)	-	(436,688)
Profit before tax	1,022,280	1,987,774	718,131	1,471,774	118,893	4,097,664
Investment and corporation taxes	(43,695)	(154,080)	(135,005)	20,321	-	(312,459)
Profit after taxation	978,585	1,833,694	583,126	1,492,095	118,893	3,785,205
Segment assets:	49,513,644	45,859,343	89,496,791	12,767,997	(7,561,193)	190,076,582
Unallocated assets						
Investment in associates						-
Deferred tax assets						55,099
Retirement benefit asset						238,998
Total assets						190,370,679
Segment liabilities:	34,885,879	35,757,317	76,709,319	12,524,103	(7,594,460)	152,282,158
Unallocated liabilities						
Deferred tax liabilities						171,185
Retirement benefit obligation						1,098,603
Total liabilities						153,551,946
Other Segment items:						
Capital expenditure						170,152

Geographical information:

	Jamaica	Cayman Islands	Other	Total Group
Revenue	25,621,603	2,092,793	14,671	27,729,067
Total assets	160,272,340	29,460,342	637,997	190,370,679

	Individual Insurance	Employee Benefits	Banking and Asset Management	All other	Eliminations	Unaudited September 2012 Group
Operating results:						
External revenues	7,818,102	11,278,253	3,063,118	1,171,816	-	23,331,289
Inter-segment revenues	87,815	9,014	(19,097)	(13,407)	(64,325)	-
Total revenue	7,905,917	11,287,267	3,044,021	1,158,409	(64,325)	23,331,289
Benefits and expenses	(4,997,212)	(7,566,736)	(1,367,785)	(1,019,850)	107,466	(14,844,117)
Change in actuarial liabilities	(1,252,447)	(1,697,282)	-	-	-	(2,949,729)
Depreciation	(65,148)	(27,838)	(36,013)	(26,899)	-	(155,898)
Amortization of intangibles	(10,097)	(89,426)	(91,866)	(7,918)	-	(199,307)
Finance costs	-	-	-	(17,894)	17,894	-
Premium and other taxes	(237,064)	(44,461)	(81,490)	(62,407)	-	(425,422)
Profit before tax	1,343,949	1,861,524	1,466,867	23,441	61,035	4,756,816
Investment and corporation taxes	(100,055)	(162,187)	(438,118)	83,929	-	(616,431)
Profit after taxation	1,243,894	1,699,337	1,028,749	107,370	61,035	4,140,385
Segment assets:	42,587,254	35,588,388	85,960,168	10,153,841	(3,908,955)	170,380,696
Unallocated assets						
Investment in associates						2,725
Deferred tax assets						164,444
Retirement benefit asset						212,955
Total assets						170,760,820
Segment liabilities:	29,392,965	27,618,043	72,735,289	9,960,291	(3,940,396)	135,766,192
Unallocated liabilities						
Deferred tax liabilities						510,651
Retirement benefit obligation						851,073
Total liabilities						137,127,916
Other Segment items:						
Capital expenditure						254,632

Geographical information:

	Jamaica	Cayman Islands	Other	Total Group
Revenue	21,275,956	2,055,333	-	23,331,289
Total assets	148,752,266	22,008,554	-	170,760,820

Consolidated Statement of Cash Flows

for the nine-months ended 30 September 2013
(Expressed in thousands of Jamaican dollars)

	September 2013 Year-to-date Unaudited	September 2012 Year-to-date Unaudited	December 2012 Full Year Audited
Cash Flows from operating activities:			
Net Profit	3,785,205	4,140,386	5,987,618
Items not affecting cash & changes to Policyholders Funds	1,338,374	(1,916,638)	(3,178,570)
Changes in other operating assets and liabilities	997,906	(4,371,813)	(6,077,720)
Net Investment Purchases	(13,577,083)	(1,602,874)	(537,353)
Interest received	9,046,224	9,606,908	11,544,328
Interest paid	(3,065,763)	(3,136,602)	(4,106,351)
Income taxes paid	(3,438)	(1,071,660)	(952,829)
Cash generated from/(used in) operating activities	(1,478,575)	1,647,707	2,679,123
Cash Flows from investing activities:			
Intangible Assets, net	(24,707)	(45,764)	(88,933)
Property, plant and equipment, net	(142,638)	(252,989)	(423,480)
Cash used in investing activities	(167,345)	(298,753)	(512,413)
Cash Flows from financing activities:			
Dividends paid to stockholders	(714,588)	(1,053,078)	(2,106,156)
Dividends paid to Minority Interest	(38,571)	(59,705)	(105,495)
Ordinary shares issued - to Minority Interest	-	-	-
Cash used in financing activities	(753,159)	(1,112,783)	(2,211,651)
Increase/(Decrease) in net cash and cash equivalents	(2,399,079)	236,171	(44,941)
Cash and cash equivalents:			
Cash and cash equivalents, at beginning of year	3,552,189	3,343,863	3,343,863
Effects of exchange rate changes	343,000	98,258	253,267
Increase/(Decrease) in net cash and cash equivalents	(2,399,079)	236,171	(44,941)
Net cash and cash equivalents, at end of period	1,496,110	3,678,292	3,552,189
Comprising:			
Balances with Banks	3,710,666	3,258,327	4,745,238
Short - Term Deposits	1,112,619	1,733,488	652,701
Short - Term Investment Securities	117,045	453,102	-
Securities purchased under resale agreements	1,692,182	848,965	1,253,375
Short - Term Loans	(4,947,564)	(2,482,822)	(2,958,906)
Bank overdraft	(188,838)	(132,768)	(140,219)
	1,496,110	3,678,292	3,552,189

Explanatory Notes

1. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with the accounting policies as set out in note 2 of the December 31, 2012 audited financial statements. Certain comparative numbers have been restated due to the adoption of IAS 19 (amendment), Employee Benefits.

2. IAS 19 (amendment), Employee Benefits

The Group adopted IAS 19 (amendment), Employee Benefits, effective 1 January 2013. This resulted in the restatement of Retained earnings as at 1 January 2012 to record an actuarial gain of \$34.30 million and Retained earnings as at 1 January 2013 to record an actuarial loss of \$66.18 million. The amendment eliminates the corridor approach and

- Recognizes all actuarial gains and losses in Other Comprehensive Income as they occur
- Immediately recognizes all past service costs
- Replaces 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 or asset.

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Comments and Suggestions

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