

# Sagicor Group Jamaica Limited

# Q3 2014 PERFORMANCE



## Directors' Statement

On behalf of the Board of Directors of Sagicor Group Jamaica Ltd. (SGJ or the Group) we are pleased to report to stockholders on the performance of the Group for the nine months ended 30 September 2014.

### HIGHLIGHTS

	Sep 2014 YTD Unaudited	Restated Sep 2013 YTD Unaudited	% Change
Total Revenue - J\$ billions	34.19	31.19	10%
Net Profit, attributable to Stockholders - J\$ billions	3.79	3.70	2.5%
Earnings per stock unit (EPS) - J\$	0.99	0.98	1%
Annualised Return on average Stockholders' Equity (ROE)	13%	15%	-13%
Total Assets of Sagicor Group Jamaica - J\$ billions	261.99	189.46	38%
Stockholders' Equity - J\$ billions	41.97	35.48	18%
SGJ Share Price - J\$	9.90	8.65	14%
Dividend per stock unit - J\$	0.35	0.19	84%

### OVERVIEW

For the nine month period under review the Group produced net profits of \$3.84 billion, with \$3.79 billion available to stockholders. This outcome was better than last year by 2.5%. Earnings per stock unit were \$0.99, being 1% better than last year's \$0.98.

Profits for Q3 2014 were \$1.08 billion compared with \$1.52 billion for Q3 2013. The current period results and therefore the YTD profits were impacted by large costs for rebranding and rationalizing operations following the RBC Jamaica acquisition, higher Taxes and lower unrealised FX gains in 2014 when compared to 2013. The 2013 results included the negative impact of the NDX and PDX.

The annualised return on average Stockholders' Equity at September 2014 was 13% and for 2013 it was 15%.

### FINANCIAL PERFORMANCE

#### Revenues and Expenses -

Revenue was strong at \$34.19 billion and above prior year by 10%. Revenue in the prior year included the realised capital losses from the NDX and PDX. 2014 Net Premium Income, in aggregate, was slightly below that for 2013. Net Investment income was significantly higher than in the prior year, reflecting business growth and units' appreciation in the Segregated Funds. The 2013 Net investment Income number also includes capital losses from the NDX and PDX.

Policy benefits to our policyholders or their beneficiaries, including death claims, health claims, annuity payments, surrenders and segregated funds withdrawals, totalled \$12.67 billion, net of reinsurance recoveries. The amount for last year was \$11.47 billion. This 10% increase in benefits cost is mainly attributed to portfolio growth as the overall benefits experience was within expectations.

Group Administration expenses of \$7.52 billion were 35% more than in 2013. The significant increase includes post acquisition expenses for the RBC portfolio and one-time costs for re-branding the RBC portfolio and rationalization of operations. The Banking Group also had operating costs associated with the new flagship Hope Road branch which was opened in December 2013. The normalised Group efficiency ratio of administration expenses to total revenue was 26% (2013 – 22%). The 2014 ratio is negatively impacted by the acquired RBC business but we are already seeing efficiency improvements as operations are streamlined.

#### Comprehensive Income -

Total Comprehensive Income, including net profit for the period and movements in reserves held in Equity, was \$6.17 billion compared to \$3.37 billion for 2013. Higher current year profits, improved unrealised fair value gains on available-for-sale securities (especially for USA corporate bonds) and a gain from the purchase of SIJL minority shares contributed to the improvement. However, for the quarter, there was a noticeable decline in the unrealised fair value of our USA corporates, a consequence of the fall in the USA Capital markets in September 2014. In addition, unrealized FX gains on re-translation of overseas portfolios were small during the Q3 2014 compared to 2013.

#### Cash flows –

SGJ consolidated cash used in operating activities for the nine month period in 2014 was \$1.40 billion, similar to the 2013 amount and influenced by large purchases of securities. Despite the outlay for the RBC acquisition and the dividend distribution to stockholders the Group

### TABLE OF NET PROFIT BY SEGMENT

	Sep 2014 YTD Unaudited J\$M	Sep 2013 YTD Unaudited J\$M
Individual Insurance	1,313.98	1,088.53
Employee Benefits	2,333.77	1,833.72
Investment Banking	643.04	385.54
Commercial Banking	(15.97)	271.84
Other	(357.54)	279.84
Amortisation of purchased intangibles - Banking	(74.26)	(74.26)
<b>Net Profit, before Minority Interest</b>	<b>3,843.02</b>	<b>3,785.21</b>

– Commercial banking includes rebranding and restructuring costs in 2014.  
– Other includes taxes on shareholders' funds

finished the period with a very liquid position. Cash and cash equivalents at September 2014 were \$7.52 billion most of which came with the RBC Jamaica portfolio. The amount for the comparative quarter end was \$1.50 billion.

**Balance Sheet and managed Funds -**

Total assets of SGJ grew to almost \$262 billion, up from \$198.31 billion as at December 2013, a 32% increase. The acquisition of RBC contributed \$54 billion or 85% of the increase. Total assets under management, as at September 2014, including Pension Funds assets managed on behalf of clients and unit trusts, amounted to \$426.89 billion, up from \$329.51 billion as at December 2013.

The Stockholders' Equity of SGJ stood at \$41.97 billion, up 17% from \$35.93 billion as at December 2013. The growth in equity was driven mainly by earnings, unrealised fair value gains on USA corporate bonds and the purchase of SIJL minority shares. Market capitalisation of SGJ at September 2014 was \$38.67 billion (September 2013: \$32.53 billion).

During March 2014, the SGJ Board of Directors declared an interim dividend distribution of \$1.32 billion to Stockholders or a dividend per share of 35 cents.

At a meeting held on 10 October 2014, the SLJ Board of Directors declared a second interim dividend of \$0.28 per share. The dividend is payable on November 7, 2014 to shareholders on record as at October 27, 2014.

**SOLVENCY**

Sagicor Life Jamaica Limited (SLJ) carried risk adjusted capital, measured by the Minimum Continuing Capital and Solvency Requirement (MCCSR) ratio, of 158% as at September 2014. The regulated minimum ratio is 150%.

At September 2014, Sagicor Life of the Cayman Islands Ltd. had a solvency ratio (Available capital to Prescribed capital) of 279.3%. The regulations require Available capital to at least equal Prescribed capital.

The risk-weighted capital ratios of Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited



*Willard Brown (back), Vice President of Employee Benefits at Sagicor Life Jamaica joins Mr. Gabriel, Principal (r) of Manchester High School and students Delano Knox and Roxanne Thompson (r) while they familiarize themselves with a lap top donated by Brown and past student Errol McKenzie, Executive Vice President of the Employee Benefits Division; and Sagicor Life Jamaica on Wednesday, July 2. The computer was one of several computerised items valued at approximately \$950,000 to assist students at the CXC, GCE and 'A' Levels.*

were 15.1% and 12.3% respectively. The required minimum regulatory ratio is 10%.

**CORPORATE SOCIAL ACTIVITIES**

In the third quarter, we demonstrated our support for education through the award of five-year academic scholarships to 16 GSAT recipients. Since the inception of this scholarship program in 1994, the total number of beneficiaries has reached 260 recipients with 78 students currently in the program.

**Several contributions were made during the quarter. These included:**

- The donation of computers to the Manchester High School
- The donation of books to the Middleton Primary School on Nelson Mandela Day

The Adopt-a-school program continued its year-long activities with

our Knutsford Branch giving the Evangelistic Basic School a much needed facelift, and the Ocho Rios Branch donating a number of school items to the Ocho Rios Primary School.

**Donations from the Sagicor Sigma Corporate Run were made during the quarter. We were pleased to present:**

- A cheque for \$1.5 million to The Sickle Cell Trust of Mandeville
- A cheque for \$3.0 million to the Best Care Foundation Children's Home

**OUTLOOK**

With completion of the Group's corporate reorganisation and the acquisition of RBC Jamaica, Sagicor Group Jamaica has embarked on an ambitious programme to reorganise the Commercial and Investment Banking operations, up-grade technology and entrench a customer centric and sales oriented culture. These changes will be executed during

the coming months. Meanwhile, macro-economic indicators are pointing to improvements and important legislation is being enacted, which should positively impact our operations. We continue to look ahead with cautious optimism.

We express our sincere appreciation to our hard-working team members, to our loyal customers and to our stockholders for their continued trust and confidence.

On behalf of The Board of Directors:



DR. THE HON. R.D. WILLIAMS  
Chairman




RICHARD O. BYLES  
President & CEO

05 November 2014

**Consolidated Statement of Financial Position**

 as at 30 September 2014  
 (Expressed in thousands of Jamaican dollars)

	September 2014 Unaudited	Restated September 2013 Unaudited	December 2013 Audited
<b>ASSETS:</b>			
Cash resources	17,549,050	4,843,033	5,075,694
Financial investments	174,523,200	150,017,552	157,456,132
Securities purchased under resale agreements	1,670,670	2,185,389	4,332,544
Derivative financial instruments	2,141,484	3,488,305	3,019,597
Loans & leases, after allowance for credit losses	35,266,355	10,738,153	10,821,201
Investment properties	922,254	747,369	782,345
Investment in joint venture	691,492	631,779	639,235
Property, plant and equipment	2,499,130	1,563,204	1,676,573
Pledged assets	10,340,436	4,307,559	3,278,856
Intangible assets	4,897,104	4,045,153	4,015,509
Taxation recoverable	3,443,698	2,640,405	2,327,391
Other assets	8,048,107	4,253,384	4,885,220
<b>TOTAL ASSETS</b>	<b>261,992,980</b>	<b>189,461,285</b>	<b>198,310,297</b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Equity attributable to stockholders of the company</b>			
Share capital	9,161,065	7,854,938	7,854,938
Equity reserves	7,288,712	5,369,321	5,343,433
Retained earnings	25,523,014	22,257,604	22,727,470
	41,972,791	35,481,863	35,925,841
<b>Non-controlling interests</b>	<b>-</b>	<b>1,775,324</b>	<b>1,695,002</b>
<b>Total Equity</b>	<b>41,972,791</b>	<b>37,257,187</b>	<b>37,620,843</b>
<b>Liabilities</b>			
Securities sold under repurchase agreements	61,080,574	53,674,270	55,630,546
Due to banks and other financial institutions	18,621,878	14,935,473	16,716,280
Customer deposits	53,493,334	11,734,114	11,881,676
Derivative financial instruments and structured products	3,867,574	4,296,682	5,012,163
Other liabilities	12,395,095	5,495,578	6,910,341
<b>Policyholders' Funds</b>			
Insurance contracts liabilities	55,732,101	47,401,169	48,565,731
Investment contracts liabilities	11,979,001	11,948,677	13,260,293
Other policy liabilities	2,850,632	2,718,135	2,712,424
	70,561,734	62,067,981	64,538,448
<b>Total Liabilities</b>	<b>220,020,189</b>	<b>152,204,098</b>	<b>160,689,454</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>261,992,980</b>	<b>189,461,285</b>	<b>198,310,297</b>

  
 DR. THE HON. R.D. WILLIAMS  
 Chairman  
 05 November 2014

  
 RICHARD O. BYLES  
 President & CEO

**Consolidated Statement of Comprehensive Income**

 for the nine months ended 30 September 2014  
 (Expressed in thousands of Jamaican dollars)

	September 2014 Quarter Unaudited	Restated September 2013 Quarter Unaudited	September 2014 Year-to-date Unaudited	Restated September 2013 Year-to-date Unaudited	December 2013 Full Year Audited
<b>Net profit for the period</b>	<b>1,077,999</b>	<b>1,560,812</b>	<b>3,843,019</b>	<b>3,785,205</b>	<b>6,452,690</b>
<b>Other comprehensive income:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
<b>Available-for-sale investments:</b>					
Unrealised gains/(losses) on available-for-sale investments	(180,971)	253,608	1,595,551	(570,321)	(869,109)
Gains recycled and reported in profit	3,517	(167,310)	(326,739)	(1,091,170)	(1,173,294)
	(177,454)	86,298	1,268,812	(1,661,491)	(2,042,403)
Re-translation of foreign operations	64,930	318,017	556,469	1,245,343	1,345,070
<b>Items that will not be subsequently reclassified to profit or loss</b>					
<b>Owner occupied properties:</b>					
Unrealised gains/(losses) on owner occupied properties	-	-	-	3,760	143,299
Gain from the purchase of subsidiary shares	-	-	504,532	-	-
Re-measurements of retirement benefits obligations	-	-	-	-	(1,286,821)
<b>Total other income recognised directly in stockholders' equity, net of taxes</b>	<b>(112,524)</b>	<b>404,315</b>	<b>2,329,813</b>	<b>(412,388)</b>	<b>(1,840,855)</b>
<b>Total Comprehensive Income</b>	<b>965,475</b>	<b>1,965,127</b>	<b>6,172,832</b>	<b>3,372,817</b>	<b>4,611,835</b>
<b>Total Comprehensive Income attributable to:</b>					
Stockholders of the parent company	965,475	1,916,604	6,057,175	3,319,852	4,546,349
Non-controlling interests	-	48,523	115,657	52,965	65,486
	<b>965,475</b>	<b>1,965,127</b>	<b>6,172,832</b>	<b>3,372,817</b>	<b>4,611,835</b>

**Consolidated Income Statement**

 for the nine months ended 30 September 2014  
 (Expressed in thousands of Jamaican dollars)

	September 2014 Quarter Unaudited	Restated September 2013 Quarter Unaudited	September 2014 Year-to-date Unaudited	Restated September 2013 Year-to-date Unaudited	December 2013 Full Year Audited
<b>Revenue:</b>					
Net premium revenue	6,739,588	10,469,604	22,142,885	22,353,565	29,224,496
Net investment income	3,345,400	2,206,676	8,793,746	5,719,906	8,784,969
Fees and other revenue	1,066,300	1,055,360	3,252,270	3,116,510	4,346,700
<b>Total revenue</b>	<b>11,151,288</b>	<b>13,731,640</b>	<b>34,188,901</b>	<b>31,189,981</b>	<b>42,356,165</b>
<b>Benefits and Expenses:</b>					
Net insurance benefits incurred	4,383,828	3,892,625	12,665,826	11,471,398	15,754,497
Changes in insurance and annuity liabilities	809,586	5,148,105	5,707,015	6,728,714	7,476,839
Administration expenses	3,423,506	1,830,212	7,519,851	5,573,962	7,591,707
Commissions and related expenses	900,891	918,261	2,762,359	2,665,240	3,636,250
Amortization of intangible assets	102,896	76,161	237,976	221,437	254,220
Premium and other taxes	314,162	142,609	937,365	444,441	616,452
<b>Total benefits and expenses</b>	<b>9,934,869</b>	<b>12,007,973</b>	<b>29,830,392</b>	<b>27,105,192</b>	<b>35,329,965</b>
Share of profit/(loss) from joint venture	4,848	-	12,887	(20,920)	(10,021)
Share of loss from disposal of associate	-	-	-	-	(1,716)
<b>Profit before Taxation</b>	<b>1,221,267</b>	<b>1,723,667</b>	<b>4,371,396</b>	<b>4,084,789</b>	<b>7,014,463</b>
Investment and Corporation Taxes	(143,268)	(162,855)	(528,377)	(299,584)	(561,773)
<b>NET PROFIT</b>	<b>1,077,999</b>	<b>1,560,812</b>	<b>3,843,019</b>	<b>3,785,205</b>	<b>6,452,690</b>
<b>Net Profit attributable to:</b>					
Stockholders of the parent company	1,077,999	1,517,873	3,792,680	3,700,360	6,297,935
Non-controlling Interests	-	42,939	50,339	84,845	154,755
	<b>1,077,999</b>	<b>1,560,812</b>	<b>3,843,019</b>	<b>3,785,205</b>	<b>6,452,690</b>
<b>Earnings per stock unit for profit attributable to stockholders of the parent company:</b>					
Basic and Fully diluted	\$0.28	\$0.40	\$0.99	\$0.98	\$1.67

**Consolidated Statement of Changes in Equity**

 for the nine months ended 30 September 2014  
 (Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
<b>Period ended 30 September 2014:</b>						
Balance as 1 January 2014	7,854,938	5,343,428	22,727,470	35,925,836	1,695,003	37,620,839
Total comprehensive income for the period	-	1,759,962	4,297,213	6,057,175	115,657	6,172,832
<b>Transactions with owners -</b>						
Acquisition of equity from the non-controlling interests	-	-	-	-	(1,810,660)	(1,810,660)
Dividends paid to owners of the parent	-	-	(1,316,347)	(1,316,347)	-	(1,316,347)
Issue of shares	1,306,127	-	-	1,306,127	-	1,306,127
<b>Total Transactions with owners</b>	<b>1,306,127</b>	<b>-</b>	<b>(1,316,347)</b>	<b>(10,220)</b>	<b>(1,810,660)</b>	<b>(1,820,880)</b>
<b>Transfer between reserves -</b>						
Adjustment between regulatory loan provision and IFRS	-	9,918	(9,918)	-	-	-
To special investment reserve	-	175,404	(175,404)	-	-	-
<b>Total transfers between reserves</b>	<b>-</b>	<b>185,322</b>	<b>(185,322)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30 September 2014</b>	<b>9,161,065</b>	<b>7,288,712</b>	<b>25,523,014</b>	<b>41,972,791</b>	<b>-</b>	<b>41,972,791</b>
<b>Period ended 30 September 2013:</b>						
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	-	200,367	-	200,367	-	200,367
Effects of changes in accounting policies	-	-	10,935	10,935	2,632	13,567
Restated opening balance at 1 January 2013	7,854,938	5,734,283	19,266,331	32,855,552	1,759,279	34,614,831
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(380,507)</b>	<b>3,700,359</b>	<b>3,319,852</b>	<b>52,965</b>	<b>3,372,817</b>
<b>Transactions with owners -</b>						
Employee share option scheme - value of services provided	-	21,047	-	21,047	1,641	22,688
Dividends paid to non-controlling interests	-	-	-	-	(38,561)	(38,561)
Dividends paid to owners of the parent	-	-	(714,588)	(714,588)	-	(714,588)
<b>Total Transactions with owners</b>	<b>-</b>	<b>21,047</b>	<b>(714,588)</b>	<b>(693,541)</b>	<b>(36,920)</b>	<b>(730,461)</b>
<b>Transfer between reserves -</b>						
To special investment reserve	-	26,297	(26,297)	-	-	-
Adjustment between regulatory loan provision and IFRS	-	(31,799)	31,799	-	-	-
<b>Total transfer between reserves</b>	<b>-</b>	<b>(5,502)</b>	<b>5,502</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 30 September 2013</b>	<b>7,854,938</b>	<b>5,369,321</b>	<b>22,257,604</b>	<b>35,481,863</b>	<b>1,775,324</b>	<b>37,257,187</b>

**Consolidated Segmental Financial Information**

 for the nine months ended 30 September 2014  
 (Expressed in thousands of Jamaican dollars)

	Individual Insurance	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Unaudited September 2014 Group
<b>Operating results:</b>							
External revenues	13,697,330	15,121,351	1,755,625	2,269,670	1,344,925	-	34,188,901
Inter-segment revenues	267,148	31,648	(70,457)	1,457	382,417	(612,213)	-
Total revenue	13,964,478	15,152,999	1,685,168	2,271,127	1,727,342	(612,213)	34,188,901
Benefits and expenses	(9,531,745)	(9,235,377)	(790,304)	(2,033,034)	(1,291,846)	160,815	(22,721,491)
Change in actuarial liabilities	(2,483,226)	(3,221,688)	-	-	-	(2,104)	(5,707,018)
Depreciation	(58,658)	(24,718)	(21,510)	(90,407)	(31,249)	-	(226,542)
Amortization of intangibles	(12,191)	(90,195)	(84,333)	(41,808)	(9,449)	-	(237,976)
Finance costs	-	-	-	-	(17,030)	17,030	-
Premium and other taxes	(398,290)	(47,613)	(113,891)	(54,538)	(323,033)	-	(937,365)
Total benefits and expenses	(12,484,110)	(12,619,591)	(1,010,038)	(2,219,787)	(1,672,607)	175,741	(29,830,392)
Share of profit from joint venture	-	12,887	-	-	-	-	12,887
Profit before tax	1,480,368	2,546,295	675,130	51,340	54,735	(436,472)	4,371,396
Investment and corporation taxes	(166,389)	(212,522)	(106,345)	(67,311)	24,190	-	(528,377)
<b>Profit after taxation</b>	<b>1,313,979</b>	<b>2,333,773</b>	<b>568,785</b>	<b>(15,971)</b>	<b>78,925</b>	<b>(436,472)</b>	<b>3,843,019</b>
<b>Segment assets:</b>							
Unallocated assets	54,721,769	53,108,230	76,465,709	78,822,277	8,957,433	(11,243,649)	260,831,769
Investment in joint venture	-	-	-	-	-	-	691,492
Deferred tax asset	-	-	-	-	-	-	469,719
<b>Total assets</b>							<b>261,992,980</b>
<b>Segment liabilities:</b>							
Unallocated liabilities	43,183,390	41,252,750	62,264,838	63,952,372	16,355,154	(11,744,008)	215,264,496
Deferred tax liabilities	-	-	-	-	-	-	885,329
Retirement benefits obligations	-	-	-	-	-	-	3,870,364
<b>Total liabilities</b>							<b>220,020,189</b>
<b>Other Segment items:</b>							
Capital expenditure: Computer software	-	-	-	-	-	-	123,491
Property, plant and equipment	-	-	-	-	-	-	323,393
							446,884

**Geographical information:**

	Jamaica	Cayman Islands	Other	Total Group
Revenue	31,582,365	2,606,536	-	34,188,901
Total assets	241,058,784	20,235,519	698,677	261,992,980

	Individual Insurance	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Restated Unaudited September 2013 Group
<b>Operating results:</b>							
External revenues	11,393,654	15,774,778	1,458,658	1,063,949	1,498,941	-	31,189,980
Inter-segment revenues	288,006	11,571	(84,030)	(34,232)	(6,418)	(174,897)	-
Total revenue	11,681,660	15,786,349	1,374,628	1,029,717	1,492,523	(174,897)	31,189,980
Benefits and expenses	(8,411,534)	(8,633,706)	(840,409)	(613,428)	(1,148,129)	106,989	(19,540,217)
Change in actuarial liabilities	(1,803,143)	(4,968,288)	-	-	-	42,718	(6,728,713)
Depreciation	(61,652)	(26,778)	(22,342)	(29,037)	(30,574)	-	(170,383)
Amortization of intangibles	(10,861)	(88,350)	(88,333)	(3,449)	(9,524)	-	(200,517)
Finance costs	-	-	-	-	(19,444)	19,444	-
Premium and other taxes	(275,120)	(46,933)	(60,630)	(28,586)	(33,172)	-	(444,441)
Total benefits and expenses	(10,562,310)	(13,764,055)	(1,011,714)	(674,500)	(1,240,843)	169,151	(27,084,271)
Share of loss from joint venture	-	(20,920)	-	-	-	-	(20,920)
Profit before tax	1,119,350	2,001,374	362,914	355,217	251,680	(5,746)	4,084,789
Investment and corporation taxes	(30,820)	(154,080)	(51,630)	(83,375)	20,321	-	(299,584)
<b>Profit after taxation</b>	<b>1,088,530</b>	<b>1,847,294</b>	<b>311,284</b>	<b>271,842</b>	<b>272,001</b>	<b>(5,746)</b>	<b>3,785,205</b>
<b>Segment assets:</b>							
Unallocated assets	49,513,644	45,859,343	68,215,117	21,281,674	12,061,872	(7,561,193)	189,370,457
Deferred tax assets	-	-	-	-	-	-	55,099
Retirement benefits asset	-	-	-	-	-	-	35,729
<b>Total assets</b>							<b>189,461,285</b>
<b>Segment liabilities:</b>							
Unallocated liabilities	34,884,126	35,757,317	60,174,401	16,534,918	11,264,660	(7,594,460)	151,020,962
Deferred tax liabilities	-	-	-	-	-	-	172,938
Retirement benefits obligations	-	-	-	-	-	-	1,010,198
<b>Total liabilities</b>							<b>152,204,098</b>
<b>Other Segment items:</b>							
Capital expenditure: Computer software	-	-	-	-	-	-	24,707
Property, plant and equipment	-	-	-	-	-	-	142,638
							167,345

**Geographical information:**

	Jamaica	Cayman Islands	Other	Total Group
Revenue	28,736,545	2,453,435	-	31,189,980
Total assets	155,587,459	33,242,047	631,779	189,461,285

**Consolidated Statement of Cash Flows**

 for the nine months ended 30 September 2014  
 (Expressed in thousands of Jamaican dollars)

	September 2014 Year-to-date Unaudited	Restated September 2013 Year-to-date Unaudited	December 2013 Full Year Audited
<b>Cash Flows from Operating Activities:</b>			
<b>Net Profit</b>	<b>3,843,019</b>	<b>3,785,205</b>	<b>6,452,690</b>
Adjustments for:			
<b>Items not affecting cash and changes to policyholders' funds:</b>			
Adjustments for non-cash items, interest and dividends	(1,627,629)	1,338,374	838,725
Changes in other operating assets and liabilities	2,167,405	1,354,614	3,004,279
Net Investment purchases	(10,753,720)	(13,577,083)	(13,355,416)
Interest received	9,961,840	9,046,224	12,443,458
Interest paid	(4,199,245)	(3,065,763)	(4,009,269)
Income taxes paid	(792,742)	(360,145)	(1,882,830)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,401,072)</b>	<b>(1,478,574)</b>	<b>3,491,637</b>
<b>Cash Flows from Investing Activities:</b>			
Investment in Subsidiary (net of cash acquired)/Joint Venture	4,298,313	-	(26,512)
Purchase of Property, plant and equipment, net	(323,393)	(142,638)	(189,652)
Purchase of intangible assets	(123,491)	(24,707)	(33,600)
<b>Net cash generated from/(used in) investing activities</b>	<b>3,851,429</b>	<b>(167,345)</b>	<b>(249,764)</b>
<b>Cash Flows from Financing activities:</b>			
Dividends paid to stockholders	(1,316,347)	(714,588)	(1,504,396)
Dividends paid to non - controlling interests	-	(38,571)	(48,204)
<b>Net cash used in financing activities</b>	<b>(1,316,347)</b>	<b>(753,159)</b>	<b>(1,552,600)</b>
<b>Cash and cash equivalents:</b>			
Effect of exchange rate on cash and cash equivalents	936,611	343,000	688,136
Increase/(Decrease) in cash and cash equivalents	2,070,621	(2,056,078)	2,377,409
Cash and cash equivalents at beginning of year	5,444,398	3,552,189	3,066,990
<b>Cash and cash equivalents at end of year</b>	<b>7,515,019</b>	<b>1,496,111</b>	<b>5,444,399</b>
<b>Comprising:</b>			
Balances with Banks	11,659,609	3,827,711	4,082,363
Short - Term Deposits	683,267	1,112,619	1,326,925
Securities purchased under resale agreements	486,377	1,692,182	3,816,562
Short - Term Loans	(4,994,428)	(4,947,563)	(3,582,465)
Bank overdraft	(319,806)	(188,838)	(198,986)
	<b>7,515,019</b>	<b>1,496,111</b>	<b>5,444,399</b>

**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. The comparative numbers for quarter 2, 2013 have been restated accordingly.

**2. Acquisitions**

On May 7, 2014, SGJ acquired the 14.55% minority interest in Sagicor Investments Jamaica Limited through the issue of SGJ shares. Simultaneously, full ownership of Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited were transferred to SGJ. The gain on buy-out of the minority interest is reflected directly in equity in accordance with IFRS 10.

The RBC Jamaica acquisition transaction was completed effective June 26th 2014. Post-acquisition losses of \$230.69 million were recorded, including rebranding and restructuring costs. However, the Group is still in the process of fair valuing the acquired balance sheet. Consequently, no goodwill/negative goodwill has been recorded in these accounts.

**Head Office:**

Sagicor Life Jamaica Limited  
 28-48 Barbados Avenue, Kingston 5  
 Tel: 876-929-8920-9

**Website:**

www.sagicorjamaica.com

**Comments and Suggestions**

infoja@sagicor.com

**Customer Care:**

1 - 888 - SAGICOR  
 (724-4267)

Follow us on

Like us on

