

# 2017 PERFORMANCE

**\$12.07 Billion** NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS

BILLIONS  
**\$70.44**  
TOTAL REVENUE

BILLIONS  
**\$68.50**  
STOCKHOLDERS' EQUITY

DOLLARS  
**\$3.11**  
EARNINGS PER STOCK UNIT

18 Years of consistent growth | +7% over FY 2016

## Directors' Statement

On behalf of the Board of Directors of Sagicor Group Jamaica Limited (SGJ or the Group) we are pleased to report the 2017 financial performance of our Group of companies.

## Overview

The Group had a good year in 2017, we raised stockholders value by generated reasonable growth with strong returns. Net profit was \$12.07 billion, a 7% improvement over prior year. Earnings per stock unit were \$3.11 compared to \$2.90 in 2016. This earnings performance was driven primarily by:

- Strong business growth across all lines
- Favourable investment returns

## Financial performance

### Balance Sheet and Managed Funds –

Total assets of the Group grew to reach \$352.04 billion up from \$340.95 billion as at December 2016, a 3% increase.

Total assets under management, as at December 2017, including Group Assets, Pension Funds' assets managed on behalf of clients and Unit Trusts, were \$679.82 billion, a 12% increase over the 2016 amount of \$609.53 billion. The growth in assets manifests portfolio expansion and stock market increases.

Stockholders' Equity stood at \$68.50 billion as against \$56.41 billion as at December 2016 (21% increase). Apart from solid earnings, there was good appreciation of unrealized fair-values of securities being carried as available-for-sale in Equity Reserves and the re-measurement of retirement benefits obligations positively impacted. The earnings return on average Stockholders' Equity (ROE) was 19% whereas the return for 2016 year was 22%.

Total dividends of \$5.00 billion were distributed to stockholders during 2017 compared to \$4.34 billion in 2016. Dividends per share were \$1.28 as against \$1.12 in 2016.

Market capitalization of SGJ at December 2017 was \$148.61 billion, up from the 2016 level of \$116.78 billion.

### Revenue, Expenses and Profitability –

Consolidated Revenue of \$70.44 billion grew by 18% over prior year and contributed to the profit result of \$12.07 billion.

Net Premium Income of \$41.00 billion, which accounts for 58% of revenue, was 22% up on 2016. Earned premiums for the Individual lines of business

## HIGHLIGHTS

	Dec 2017 Audited	Dec 2016 Audited	% Change
<b>OPERATING RESULTS (INCOME STATEMENT DATA):</b>			
Net Profit, attributable to Stockholders - J\$ billions	12.07	11.26	7%
Total Revenue - J\$ billions	70.44	59.70	18%
<b>FINANCIAL POSITION &amp; STRENGTH (BALANCE SHEET DATA):</b>			
Total Assets of Sagicor Group Jamaica - J\$ billions	352.04	340.95	3%
Total Assets under management - J\$ billions	679.82	609.53	12%
Stockholders' Equity - J\$ billions	68.50	56.41	21%
<b>PROFITABILITY:</b>			
Return on average Stockholders' Equity (ROE)	19%	22%	-14%
Earnings per stock unit (EPS) - J\$	3.11	2.90	7%
Dividends paid per stock unit - J\$	1.28	1.12	14%
<b>OTHER MARKET INFORMATION:</b>			
SGJ Share Price - J\$	38.05	29.90	27%
Market capitalization - J\$ billions	148.61	116.78	27%

of \$21.33 billion were higher by 11%, influenced by record new business in Jamaica and improved conservation of the inforce block. Group Insurance and annuity premiums of \$20.25 billion were much higher as a result of very strong growth in the Annuities portfolio. Sagicor Bank's revenue of \$10.8 billion was 18% up on last year as the loans, cards and payments business expanded while Sagicor Investments' revenue of \$4.4 billion was 9% higher

than last year. Group consolidated Investment income of \$20.61 billion, before interest expense and capital gains, was 5% higher than in 2016. Yields on invested assets were lower in 2017. However, realized capital gains from securities traded, excluding segregated funds, were significant at \$2.87 billion. Fees and Other Revenues of \$8.02 billion increased over the prior year by 17% primarily as a result of enlarged portfolios.

1. Chairman of Sagicor Foundation, R. Danny Williams, stands proudly with the three high school students who received scholarships at the Sagicor Motivational Seminar in October. Scholars from left are: Melissa Williams, Joseph McLeod and Ashley McPherson.



2. It was a joyful day for Dwayne Francis (left), CEO of Spanish Town Hospital and Dr. Jacqueline Wright-James, Head of the Hospital's Pediatric Unit, after Sagicor handed over some \$14M worth of medical equipment as well as directional signage (pictured) from the proceeds raised from the 2017 Sagicor Sigma Corporate Run. Sharing in the moment are Christopher Zacca (right), President and CEO of Sagicor Group Jamaica and Minister of Health Dr. The Hon. Christopher Tufton.



Overall Benefits cost to Premium Income was generally favorable with the higher claims cost reflecting portfolio growth. Policy benefits, including death claims, health claims, annuity payments, surrenders and fund withdrawals, totaled \$21.91 billion, net of reinsurance recoveries. The amount for last year was \$21.05 billion.

The change in Insurance and Annuities actuarial liabilities of \$10.68 billion compared to \$4.78 billion in 2016 emanated mainly from new annuity contracts in 2017. The decline of investment yields also led to higher actuarial liabilities from the present-value future obligations. These increases were tempered somewhat with the continued upward trend in new business and reserve releases due to experience gains and refinements to the actuarial assumptions.

Group administration expenses, including depreciation and amortization of software, of \$18.29 billion, were 22% higher than 2016. The increase was influenced by business expansion, including Cards and Payments, higher credit losses in Banking and Team members compensation for annual increments, bonuses and share based incentives. The normalized Group efficiency ratio of administration expenses to total revenue was 30% (2016: 29%).

The Group also benefitted from the performance of the associate company, Sagicor Real Estate X Fund, which contributed profits of \$582.68 million for 2017 on SGJ's 21% interest (General Funds), an increase of 60% over last year. There was significant fair value appreciation of certain hotel properties.

At the same time, profitability was negatively impacted by currency fluctuations, declining interest rates and increased credit losses.

**Comprehensive Income –**

Total Comprehensive Income, including net profit for the year and movements in reserves held in Equity, moved from \$15.02 billion for 2016 to \$17.81 billion in 2017. Along with higher profits, there were improvements in unrealized fair value gains on available-for-sale securities during 2017. The J\$ appreciated against the US\$ during the 2017 calendar year by 2.86%, versus depreciation of 6.6% in 2016 leading to unrealized FX losses from overseas operations of \$436.73 million in 2017 compared to gains of \$678.91 million in 2016. Conversely re-measurement of retire-

ment benefits obligations generated a positive \$2.85 billion in 2017 whereas the amount for 2016 was a charge of \$919.50 million.

**Cash Flows –**

Group consolidated cash generated from operating activities was \$12.72 billion relative to \$13.35 billion in 2016, partly influenced by reduced Deposit and Security liabilities and repayments towards borrowings. Liquidity of the Group remained strong with available Cash and Cash Equivalents at the year-end being \$18.81 billion up from \$13.20 billion in 2016.

**Capital Ratios**

Sagicor Life Jamaica Limited (SLJ) carried risk adjusted capital, measured by the Minimum Continuing Capital and Surplus Requirement (MCCSR) ratio, of 186.0% (2016: 156.1%). The regulatory minimum ratio is 150%. The improvement was driven mostly by the significant growth in Retained Earnings and the positive impact of re-measurement of Retirement Benefits obligations.

The risk-weighted capital ratios of Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited were 14.9% (2016: 13.7%) and 15.6% (2016: 12.9%) respectively. The required minimum regulatory ratio is 10%.

**Industry Ratings**

In July 2017, A. M. Best rating agency upgraded the Sagicor Life Jamaica Limited (SLJ) Financial Strength Rating (FSR) of B+ (Good) and the Issuer Credit Rating (ICR) of "bbb- with a stable outlook to a FSR of B++ and an ICR of bbb with a stable outlook. In its rating rationale, A. M. Best highlighted that the ratings reflect strong earnings in SLJ's core business lines, an adequate risk-adjusted capital position, strong brand recognition and a favorable market position.

SLJ retained the highest creditworthiness rating of jmAAA on the Jamaica national scale with a stable outlook, from Caribbean Information and Credit Rating Services Limited (CariCRIS), following a review in February 2018. CariCRIS pointed out that the rating reflects the company's strong profitability, underpinned by a comprehensive suite of products and services, consistently good capitalization levels, improving liquidity, strong brand equity

and its market leadership position in the Jamaican life insurance industry.

The rating assessments of Sagicor Life Jamaica benefited from improvements in the Jamaican macro economy reflected in the current country ratings.

**Corporate Social Activities**

The highlights of the Sagicor 4th quarter 2017 Corporate Social activities were:

Equipment purchased through funds raised by the Sagicor Sigma Corporate Run 2017 were presented to beneficiaries the Spanish Town Hospital and the Mandeville Regional Hospital Neo Natal Units. Medical equipment valued over \$14 million was donated to the Spanish Town Hospital Neonatal Unit and over \$8 million in medical equipment donated to Mandeville Regional Hospital. Spanish Town Hospital Neonatal Unit received its first ventilator courtesy of the donation from Sagicor.

Three high school students, who were nominated and selected by Sagicor team members, were rewarded with scholarships during Sagicor's biannual Motivational Seminar (SMS) held in October 2017. Melissa Williams, Ashley Morgan and Joseph McLeod received monetary contributions to help with off-setting school related expenses. Melissa and Ashley, both 17 years old, attend the Immaculate Conception High School and are both in sixth form, while 16 year old Joseph attends Petersfield High School, Westmoreland, and is currently in 5th form.

The Sagicor Foundation Community Health Tour travelled across the island in December, providing free health checks to members of several communities, utilizing the Sagicor Wellness Bus. The health tour took-in nine locations – Spanish Town, Mandeville, May Pen, Montego Bay, Savanna-la-Mar, Black River, Kingston, Ocho Rios and Portmore - and provided over 1000 free health checks.

As part of the 2017/2018 Adopt-A-School programme, the newly adopted schools: AME Basic School in Portland Cottage, Clarendon, D'Frank Early Childhood Institution in Greenvale, Manchester and Houghton Grove Early Childhood Institution in Ramble District, Hanover were treated to Christ-

mas fun-days filled with lots of exciting and engaging activities for the children.

**Outlook**

The year 2017 can be described as a transition year for Sagicor Group Jamaica. President Zacca took up responsibilities in May, former President Byles assumed Chairmanship in June and former Chairman Dr. the Honourable Danny R. Williams was appointed Director Emeritus. Later in the year, there was some organizational realignment and several changes were made to the Executive Leadership Team. All of these changes have helped to further strengthen and position the Group to deliver top-class performances demonstrated in improved measures such as profitability, brand recognition, clients' satisfaction and Team members' satisfaction levels.

The macro economic environment continued to be positive and efforts to spur growth are ongoing. Though there are areas of concern i.e. the level of crime, we maintain a confident and optimistic outlook as Jamaica pursues a path of fiscal responsibility.

**Acknowledgement**

We express deep appreciation to our dedicated Team members, Financial Advisors and Brokers who all contribute to the achievements of the Group; to our loyal clients for their trust and commitment; to our supportive business partners; to our stockholders for their continued confidence and to our Directors for their diligence and wise counsel.

On behalf of The Board of Directors:

  
RICHARD O. BYLES  
Chairman

  
CHRISTOPHER ZACCA, C.D., J.P.  
President & CEO  
March 6 2018

**Consolidated Statement of Financial Position**

as at 31 December 2017

(Expressed in thousands of Jamaican dollars)

	December 2017	December 2016
	Audited	Audited
<b>ASSETS:</b>		
Cash resources & Cash reserve at Central Bank	24,071,156	19,042,003
Financial investments	142,108,057	149,552,635
Derivative financial instruments	278,010	174,575
Loans & leases, after allowance for credit losses	61,431,486	56,175,968
Pledged assets	81,608,214	77,213,401
Investment properties	530,000	488,000
Investment in joint venture	356,391	397,822
Investment in associated company	7,050,842	6,115,829
Intangible assets	5,127,730	5,315,631
Property, plant and equipment	5,063,646	4,651,198
Retirement benefit assets	517,261	-
Deferred income taxes	2,351,201	4,538,842
Taxation recoverable	2,332,714	2,862,287
Other assets	19,209,812	14,426,641
<b>TOTAL ASSETS</b>	<b>352,036,520</b>	<b>340,954,832</b>
<b>STOCKHOLDERS' EQUITY AND LIABILITIES:</b>		
<b>Equity attributable to stockholders of the company</b>		
Share capital	8,415,051	8,552,562
Equity reserves	7,522,083	4,203,984
Retained earnings	52,564,997	43,654,436
<b>Total Equity</b>	<b>68,502,131</b>	<b>56,410,982</b>
<b>Liabilities</b>		
Deposit and security liabilities	163,167,581	177,342,699
Derivative financial instruments	278,010	174,575
Redeemable preference shares	2,054,231	-
Taxation payable	148,160	1,636,737
Retirement benefit obligations	3,533,463	6,168,523
Other liabilities	18,859,895	12,831,372
<b>Policyholders' Funds</b>		
Insurance contracts liabilities	77,918,513	68,709,339
Investment contracts liabilities	13,777,110	14,131,800
Other policy liabilities	3,797,426	3,548,805
	95,493,049	86,389,944
<b>Total Liabilities</b>	<b>283,534,389</b>	<b>284,543,850</b>
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>352,036,520</b>	<b>340,954,832</b>



 RICHARD O. BYLES  
Chairman

March 6 2018



 CHRISTOPHER ZACCA, C.D., J.P.  
President & CEO

**Consolidated Statement of Comprehensive Income**

for the year ended 31 December 2017

(Expressed in thousands of Jamaican dollars)

	Q4 2017	Q4 2016	December 2017	December 2016
	Unaudited	Unaudited	Full Year Audited	Full Year Audited
<b>Net profit for the period</b>	<b>2,987,377</b>	<b>3,863,106</b>	<b>12,069,823</b>	<b>11,258,039</b>
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Fair value reserve - available-for-sale securities:				
Unrealised gains on available-for-sale investments	1,036,171	(1,331,574)	3,348,594	4,020,308
Gains reclassified and reported in profit in the Income Statement	(846,710)	143,050	(1,188,071)	(658,058)
Impairment losses on available-for-sale investments recognised and reported in the Income Statement	145,131	312,873	326,342	562,873
Change in actuarial liabilities arising from fair value movements in available-for-sale securities	653,000	(704,538)	657,564	(704,538)
	987,592	(1,580,189)	3,144,429	3,220,585
Re-translation of foreign operations	(531,281)	(239,214)	(436,728)	678,910
Unrealised gains on owner-occupied properties in associates	74,025	749,771	74,025	749,771
<b>Items that will not be subsequently reclassified to profit or loss</b>				
Unrealised gains on owner-occupied properties:				
Gains recognized by subsidiaries	112,763	28,716	112,764	28,716
Re-measurements of retirement benefits obligations	2,849,880	(919,499)	2,849,880	(919,499)
Total other income recognised directly in stockholders' equity, net of taxes	3,492,979	(1,960,415)	5,744,370	3,758,483
<b>Total Comprehensive Income attributable to stockholders of the parent company</b>	<b>6,480,356</b>	<b>1,902,691</b>	<b>17,814,193</b>	<b>15,016,522</b>

**Consolidated Income Statement**

for the year ended 31 December 2017

(Expressed in thousands of Jamaican dollars)

	Q4 2017	Q4 2016	December 2017	December 2016
	Unaudited	Unaudited	Full Year Audited	Full Year Audited
<b>Revenue:</b>				
Net premium revenue	9,183,091	8,507,689	40,998,535	33,494,641
Net investment income	5,950,405	3,793,492	21,429,115	19,348,572
Fees and other income	1,776,767	2,073,243	8,016,159	6,857,662
<b>Total revenue</b>	<b>16,910,263</b>	<b>14,374,424</b>	<b>70,443,809</b>	<b>59,700,875</b>
<b>Benefits and Expenses:</b>				
Net insurance benefits incurred	5,499,534	5,402,280	21,908,944	21,053,273
Changes in insurance and annuity liabilities	1,939,998	(1,060,361)	10,675,068	4,784,396
Administration expenses	4,515,959	3,758,583	17,832,337	14,583,301
Commissions and related expenses	1,342,929	1,261,670	4,884,844	4,425,388
Amortization of intangible assets	171,572	150,882	672,739	583,229
Other taxes and levies	2,126	4,060	618,992	562,579
<b>Total benefits and expenses</b>	<b>13,472,118</b>	<b>9,517,114</b>	<b>56,592,924</b>	<b>45,992,166</b>
Share of profit/(loss) from joint venture	(33,718)	(8,037)	(9,710)	8,264
Gain on disposal of interest in associate	289,584	-	289,584	-
Share of profit from associate	113,722	1,048	862,846	495,046
<b>Profit before Taxation</b>	<b>3,807,733</b>	<b>4,850,321</b>	<b>14,993,605</b>	<b>14,212,019</b>
Taxation	(820,356)	(987,215)	(2,923,782)	(2,953,980)
<b>NET PROFIT</b>	<b>2,987,377</b>	<b>3,863,106</b>	<b>12,069,823</b>	<b>11,258,039</b>
<b>Net Profit attributable to stockholders of the parent company</b>	<b>2,987,377</b>	<b>3,863,106</b>	<b>12,069,823</b>	<b>11,258,039</b>
<b>Earnings per stock unit for profit attributable to stockholders of the parent company:</b>				
Basic and Fully diluted	\$0.77	\$1.00	\$3.11	\$2.90

**Consolidated Statement of Changes in Equity**

for the year ended 31 December 2017

(Expressed in thousands of Jamaican dollars)

	Share Capital	Equity Reserves	Retained Earnings	Total Stockholders' Equity Audited
<b>Period ended 31 December 2017:</b>				
Balance as 1 January 2017	8,552,562	4,203,984	43,654,436	56,410,982
Total comprehensive income for the period	-	2,894,490	14,919,703	17,814,193
Transactions with owners -				
Employee stock option plan	-	37,090	-	37,090
- value of services provided	-	-	-	-
- options exercised/expired	-	(55,927)	-	(55,927)
Dividends paid to owners of the parent	-	-	(4,999,212)	(4,999,212)
Treasury shares	(137,511)	-	(567,484)	(704,995)
Total Transactions with owners	(137,511)	(18,837)	(5,566,696)	(5,723,044)
Transfer between reserves -				
To special investment reserve	-	15,000	(15,000)	-
To retained earnings	-	(25,000)	25,000	-
Adjustment between regulatory loan provisioning and IFRS	-	452,446	(452,446)	-
Total transfers between reserves	-	442,446	(442,446)	-
<b>Balance as at 31 December 2017</b>	<b>8,415,051</b>	<b>7,522,083</b>	<b>52,564,997</b>	<b>68,502,131</b>
<b>Period ended 31 December 2016:</b>				
Balance as 1 January 2016	9,147,723	(823,888)	38,245,576	46,569,411
Total comprehensive income for the period	-	4,677,982	10,338,540	15,016,522
Transactions with owners -				
Employee stock option plan	-	31,902	-	31,902
- value of services provided	-	-	-	-
- options exercised/expired	-	(44,015)	-	(44,015)
Dividends paid to owners of the parent	-	-	(4,335,255)	(4,335,255)
Treasury shares	(595,161)	-	(232,422)	(827,583)
Total Transactions with owners	(595,161)	(12,113)	(4,567,677)	(5,174,951)
Transfer between reserves -				
To special investment reserve	-	12,741	(12,741)	-
To retained earnings	-	(23,190)	23,190	-
Adjustment between regulatory loan provisioning and IFRS	-	372,452	(372,452)	-
Total transfers between reserves	-	362,003	(362,003)	-
<b>Balance as at 31 December 2016</b>	<b>8,552,562</b>	<b>4,203,984</b>	<b>43,654,436</b>	<b>56,410,982</b>

**Consolidated Segmental Financial Information**

for the year ended 31 December 2017  
(Expressed in thousands of Jamaican dollars)

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Audited December 2017 Group
<b>Operating results:</b>							
External revenues	26,461,463	26,684,145	4,342,339	10,922,603	2,033,259	-	70,443,809
Inter-segment revenues	410,270	38,821	64,127	(77,009)	290,028	(726,237)	-
Total revenue	26,871,733	26,722,966	4,406,466	10,845,594	2,323,287	(726,237)	70,443,809
Benefits and expenses	(17,090,278)	(15,129,169)	(1,435,633)	(7,788,313)	(2,938,134)	263,603	(44,117,924)
Change in actuarial liabilities	(4,418,279)	(6,215,438)	-	-	201	(41,552)	(10,675,068)
Depreciation	(59,477)	(34,473)	(13,093)	(226,280)	(174,878)	-	(508,201)
Amortization of intangibles	(15,481)	(125,839)	(65,831)	(164,137)	(301,451)	-	(672,739)
Finance costs	-	-	-	-	-	-	-
Other taxes	(1,885)	(4,387)	-	-	(1,491)	-	(7,763)
Asset tax	(81,586)	(37,096)	(192,987)	(245,667)	(53,893)	-	(611,229)
Total benefits and expenses	(21,666,986)	(21,546,402)	(1,707,544)	(8,424,397)	(3,469,646)	222,051	(56,592,924)
Share of profit from joint venture	-	-	-	-	(9,710)	-	(9,710)
Gain on disposal of interest in associate	-	-	-	-	289,584	-	289,584
Share of profit from associate	-	-	-	-	862,846	-	862,846
Profit before tax	5,204,747	5,176,564	2,698,922	2,421,197	(3,639)	(504,186)	14,993,605
Investment and corporation taxes	(1,181,123)	(609,587)	(671,795)	(644,624)	183,347	-	(2,923,782)
Profit after taxation	4,023,624	4,566,977	2,027,127	1,776,573	179,708	(504,186)	12,069,823
<b>Segment assets:</b>							
Unallocated assets -							
Investment in joint venture	-	-	-	-	-	-	356,391
Investment in associate	-	-	-	-	-	-	7,050,842
Deferred income taxes	-	-	-	-	-	-	2,351,201
Retirement benefit assets	-	-	-	-	-	-	517,261
Total assets	53,682,463	67,386,299	81,140,735	123,256,881	26,404,543	(10,110,096)	341,760,825
<b>Segment liabilities:</b>							
Unallocated liabilities -							
Retirement benefit obligations	-	-	-	-	-	-	3,533,463
Total liabilities	44,667,277	54,772,682	70,006,880	103,941,395	17,600,257	(10,987,565)	280,000,926
<b>Other Segment items:</b>							
Capital expenditure: Computer software	-	-	-	-	-	-	504,188
Property, plant and equipment	-	-	-	-	-	-	826,711
	-	-	-	-	-	-	1,330,899

**Geographical information:**

	Jamaica	Cayman Islands	Other	Total Group
Revenue	66,672,746	3,771,063	-	70,443,809
Total assets	332,630,579	19,049,550	356,391	352,036,520

	Individual Lines	Employee Benefits	Investment Banking	Commercial Banking	All other	Eliminations	Audited December 2016 Group
<b>Operating results:</b>							
External revenues	22,635,732	22,056,081	4,114,396	9,140,448	1,754,218	-	59,700,875
Inter-segment revenues	480,173	164,414	(60,171)	40,562	304,736	(929,714)	-
Total revenue	23,115,905	22,220,495	4,054,225	9,181,010	2,058,954	(929,714)	59,700,875
Benefits and expenses	(17,962,787)	(14,972,082)	(1,522,958)	(6,092,804)	(1,876,089)	2,781,624	(39,645,096)
Change in actuarial liabilities	(1,057,804)	(1,548,290)	-	-	-	(2,178,302)	(4,784,396)
Depreciation	(48,302)	(25,118)	(17,104)	(184,641)	(141,701)	-	(416,866)
Amortization of intangibles	(11,808)	(112,366)	(65,121)	(104,052)	(289,882)	-	(583,229)
Finance costs	-	-	-	-	(385)	385	-
Other taxes	(472)	(6,273)	-	-	(3,150)	-	(9,895)
Asset tax	(70,605)	(34,658)	(185,064)	(204,386)	(57,971)	-	(552,684)
Total benefits and expenses	(19,151,778)	(16,698,787)	(1,790,247)	(6,585,883)	(2,369,178)	603,707	(45,992,166)
Share of profit from joint venture	-	-	-	-	8,264	-	8,264
Share of profit from associate	-	-	-	-	495,046	-	495,046
Profit before tax	3,964,127	5,521,708	2,263,978	2,595,127	193,086	(326,007)	14,212,019
Investment and corporation taxes	(789,843)	(742,577)	(525,351)	(734,374)	(161,835)	-	(2,953,980)
Profit after taxation	3,174,284	4,779,131	1,738,627	1,860,753	31,251	(326,007)	11,258,039
<b>Segment assets:</b>							
Unallocated assets -							
Investment in joint venture	-	-	-	-	-	-	397,822
Investment in associate	-	-	-	-	-	-	6,115,829
Deferred income taxes	-	-	-	-	-	-	4,538,842
Total assets	49,934,869	61,199,295	82,994,015	112,194,849	31,438,809	(7,859,498)	329,902,339
<b>Segment liabilities:</b>							
Unallocated liabilities -							
Deferred tax liability	-	-	-	-	-	-	278,375,327
Retirement benefit obligations	-	-	-	-	-	-	6,168,523
Total liabilities	40,980,973	49,797,021	75,381,072	95,035,147	25,978,504	(8,797,390)	284,543,850
<b>Other Segment items:</b>							
Capital expenditure: Computer software	-	-	-	-	-	-	193,875
Property, plant and equipment	-	-	-	-	-	-	993,640
	-	-	-	-	-	-	1,187,515

**Geographical information:**

	Jamaica	Cayman Islands	Other	Total Group
Revenue	56,793,369	3,392,665	(485,159)	59,700,875
Total assets	314,846,672	25,710,210	397,950	340,954,832

**Consolidated Statement of Cash Flows**

for the year ended 31 December 2017  
(Expressed in thousands of Jamaican dollars)

	December 2017 Full Year Audited	December 2016 Full Year Audited
<b>Cash Flows from Operating Activities:</b>		
Net Profit	12,069,823	11,258,039
Adjustments for:		
Items not affecting cash and changes to policyholders' funds:		
Adjustments for non-cash items, interest and dividends	(5,492,548)	(9,243,083)
Changes in other operating assets and liabilities	(3,859,346)	8,851,177
Net investment purchases	(1,240,901)	(9,760,037)
Interest received	20,950,971	19,970,060
Interest paid	(4,834,532)	(5,118,805)
Income taxes paid	(4,876,734)	(2,610,912)
Net cash generated from operating activities	12,716,733	13,346,439
<b>Cash Flows from Investing Activities:</b>		
Investment in joint venture	(19,460)	(23,364)
Investment in associate	(865,346)	-
Proceeds from sale of interest in associate	994,764	-
Dividend from associate	102,395	92,020
Purchase of investment property	-	(881)
Purchase of property, plant and equipment, net	(820,999)	(868,114)
Purchase of intangible assets, net	(504,188)	(193,875)
Net cash used in investing activities	(1,112,834)	(994,214)
<b>Cash Flows from Financing activities:</b>		
Purchase of treasury shares, net	(704,994)	(827,583)
Dividends paid to stockholders	(4,999,212)	(4,335,255)
Net cash used in financing activities	(5,704,206)	(5,162,838)
<b>Cash and cash equivalents:</b>		
Effect of exchange rate on cash and cash equivalents	(291,767)	674,706
Increase in cash and cash equivalents	5,607,926	7,864,093
Cash and cash equivalents at beginning of year	13,203,955	5,339,862
Cash and cash equivalents at end of year	18,811,881	13,203,955
<b>Comprising:</b>		
Balances with Banks	12,652,317	10,792,470
Short - Term Deposits	5,987,298	11,612,341
Securities purchased under resale agreements	2,042,760	657,862
Short - Term Loans	(1,572,433)	(9,685,256)
Bank overdraft	(298,061)	(173,462)
	18,811,881	13,203,955

**Explanatory Notes**

**1. Identification and Principal Activities**

Sagcor Group Jamaica Limited (SG), the company) is incorporated and domiciled in Jamaica and is listed on the Jamaica Stock Exchange. It is 32.45% (2016 – 32.45%) owned by LOJ Holdings Limited which is also incorporated and domiciled in Jamaica and is wholly owned by Sagcor Financial Corporation Limited (SFCL). The ultimate parent company is SFCL, which is incorporated and domiciled in Bermuda. SFCL has an overall interest of 49.11% (2016 – 49.11%) in the company. The other significant shareholder in SGJ is PanJam Investment Limited with a 31.55% (2016 – 31.55%) holding.

The registered office of the Sagcor Group Jamaica Limited is located at 28 - 48 Barbados Avenue, Kingston 5, Jamaica.

Sagcor Group Jamaica is comprised of a number of companies offering a wide range of financial products and services. These include life and health insurance; annuities; pensions administration; investment services; commercial banking; investments banking; captives management; property management and real estate sales and rentals.

**2. Basis of preparation**

The condensed consolidated financial statements should be read in conjunction with the accounting policies as set out in Note 2 of the audited financial statements for the year ended 31 December 2017.

**3. Subsequent Event**

Subsequent to the year-end, certain affiliates of SGJ, including Sagcor Real Estate X Fund Limited, entered into an agreement for a business combination with Playa Hotels & Resorts N.V. "Playa", an entity listed on the NASDAQ. Under the terms of the agreement, SGJ's affiliated entities will receive 20 million shares of Playa and US\$100 million in cash in return for certain owned and managed hotels in Jamaica.

The properties subject to the agreement comprise properties owned by the Sagcor Sigma Real Estate Fund, the Sagcor Pooled Investment Funds and Sagcor X Fund Property Limited. The properties include 4 existing resorts, being the 489-room Hilton Rose Hall, the 268-room Jewel Runaway Bay, the 250-room Jewel Dunn's River and the 225-room Jewel Paradise Cove, as well as a newly-built 88-room Sentry Palm hotel tower and spa at Jewel Grande and 2 developable land sites with a potential density of up to 700 rooms. A hotel management contract for the Jewel Grande Sabal Palm and Silver Palm Towers is also included in the agreement.