

# SAGICOR FINANCIAL CORPORATION

## CHAIRMAN'S REVIEW OF THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2003



Wise Financial Thinking for Life

The Sagicor Group of Companies has recorded a net profit of \$19.8 million for the first half of 2003. Bds\$8.6 million was attributable to the first quarter and Bds\$11.2 million to the second quarter. The table below shows a comparison with the financial forecast for the full year and with actual results for 2002.

### FINANCIAL HIGHLIGHTS

	Actual 2003 (half year) Bds\$ 000	Forecast 2003 (full year) Bds\$ 000	Actual 2002 (full year) Bds\$ 000
Revenue	369,419	744,975	669,621
Benefits and expenses	(334,221)	(662,859)	(596,808)
Profit from operations	35,198	82,116	72,813
Goodwill write-off	—	—	(29,482)
Taxation	(8,174)	(21,259)	(13,523)
Minority interest	(7,218)	(11,533)	(16,304)
Net profit for the period	19,806	49,324	13,504

Revenue for the period was Bds\$369.4 million, representing 49.6% of the amount forecast for the full year. Policyholder benefits and expenses were \$334.2 million. Whilst this represents 50.4% of the forecast for the full year, expenses in the first six months included Bds\$10 million in re-organisation costs which are estimated at Bds\$1 million for the remainder of the year.

Profit from operations amounted to Bds\$35.2 million. After provision for taxation and minority interests, our net profit for the period was Bds\$19.8 million. With the on-going initiatives being pursued by the Group, we remain confident that our 2003 forecast earnings of Bds 20.99 cents per share will be achieved.

Colin G. Goddard, Chairman  
August 28, 2003

### CONSOLIDATED BALANCE SHEET

Amounts expressed in thousands of Barbados dollars

	June 30, 2003 (unaudited)	Dec. 31, 2002 (audited)
<b>ASSETS</b>		
Investments	2,256,956	2,229,848
Other assets	555,228	565,792
<b>TOTAL ASSETS</b>	<b>2,812,184</b>	<b>2,795,640</b>
<b>LIABILITIES &amp; EQUITY</b>		
Actuarial liabilities and deposit administration funds	1,637,855	1,649,893
Other liabilities	642,284	621,475
Total liabilities	2,280,139	2,271,368
Minority interest in subsidiaries	54,264	55,446
Equity	477,781	468,826
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,812,184</b>	<b>2,795,640</b>

### CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousands of Barbados dollars

	Six months ended June 30, 2003 (unaudited)	Year ended Dec. 31, 2002 (audited)
<b>REVENUE</b>		
Net premiums, annuities and pension contributions	247,241	459,094
Net investment income	91,354	157,261
Fees and other income	30,824	53,266
<b>TOTAL REVENUE</b>	<b>369,419</b>	<b>669,621</b>
<b>DISPOSITION OF REVENUE</b>		
Policy benefits	161,947	279,740
Increase in actuarial liabilities and deposit administration funds	50,254	97,741
Operating expenses and commissions	116,805	211,889
Amortisation and finance costs	5,215	7,438
<b>TOTAL DISPOSITION OF REVENUE</b>	<b>334,221</b>	<b>596,808</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>35,198</b>	<b>72,813</b>
Goodwill write-off	—	(29,482)
Corporation and premium taxes	(8,174)	(13,523)
Minority interest	(7,218)	(16,304)
<b>NET PROFIT FOR THE PERIOD</b>	<b>19,806</b>	<b>13,504</b>

Basic and diluted earnings per share (expressed in Barbados cents) 7.62 n/a

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in thousands of Barbados dollars

	Six months ended June 30, 2003 (unaudited)			Year ended Dec. 31, 2002 (audited)	
	SHARE CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL	TOTAL
Balance at beginning of period	432,495	36,331	—	468,826	303,755
Transfers to income statement	—	(1,131)	—	(1,131)	(4,412)
Currency translation adjustments	—	(19,030)	—	(19,030)	(6,823)
Fair value adjustments	—	9,500	—	9,500	20,278
Net profit for the period	—	—	19,806	19,806	13,504
Transfers from retained earnings	—	565	(565)	—	—
Preference share dividends	—	—	(190)	(190)	(380)
Issue of share capital	—	—	—	—	142,904
Balance at end of period	<b>432,495</b>	<b>26,235</b>	<b>19,051</b>	<b>477,781</b>	<b>468,826</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in thousands of Barbados dollars

	Six months ended June 30, 2003 (unaudited)	Year ended Dec. 31, 2002 (audited)
<b>CASH FLOWS</b>		
Cash flows from operating activities	12,471	168,092
Cash flows from investing activities	(39,507)	(197,111)
Cash flows from financing activities	(2,813)	135,961
Net (decrease) increase in cash and cash equivalents	(29,849)	106,942
Cash and cash equivalents at beginning of period	205,342	98,267
Effects of exchange rate changes on cash and cash equivalents	1,467	133
Cash and cash equivalents at end of period	<b>176,960</b>	<b>205,342</b>

### EXPLANATORY NOTE TO THE FINANCIAL STATEMENTS

Sagicor Financial Corporation was incorporated on December 6, 2002 under the Companies Act of Barbados as a public limited liability holding company. On December 6, 2002, Sagicor Life Inc. was formed following its conversion from the Barbados Mutual Life Assurance Society.

On December 30, 2002, Sagicor Financial Corporation allotted 175,000,000 Series A Common Shares to the eligible policyholders of the Barbados Mutual Life Assurance Society following its conversion from a mutual company to a company with share capital. As a result of this issue, Sagicor Financial Corporation became the holding company of Sagicor Life Inc. and its subsidiaries (the Sagicor Group).

Following an initial public offering of Series A Common Shares, Sagicor Financial Corporation allotted a further 85,000,000 shares to the public on December 31, 2002.

These interim financial statements have been prepared in condensed form under the accounting policies adopted by Sagicor Life Inc. at the close of its last financial year (December 31, 2002). The comparative amounts in the Statement of Cash Flows have been restated to conform to the interim presentation.