

SAGICOR FINANCIAL CORPORATION

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2004



Wise Financial Thinking for Life

CHAIRMAN'S REVIEW

For the six month period ended June 30, Sagicor Group recorded net income attributable to shareholders of BDS\$29.8 million. This amount represents an 11.4 cents earning per share, and compares with net income of BDS\$19.8 million and earnings per share of 7.6 cents for the corresponding period in 2003. Sagicor has had a successful six months, recording an overall net income of BDS\$30.8 million. The net income for the three month period, April to June, was BDS\$15.6 million, an improvement on the BDS\$15.2 million recorded for the previous three months.

Compared to BDS\$347.6 million for the corresponding period in 2003, revenue for the period increased to BDS\$388.5 million. Net policy benefits were BDS\$220.3 million, representing an increase of BDS\$29.9 million over the amount recorded in 2003. Expenses have declined by BDS\$2.6 million compared to the 2003 amount.

At June 30, accumulated reserves totalled BDS\$152.6 million, of which BDS\$53.6 million arose during the six month period. Reserves comprise mostly of unrealized gains on available for sale investments.

Sagicor's balance sheet continues to be strong, with total equity of BDS\$652.0 million. Total assets have increased to BDS\$2.9 billion at June 30, and total liabilities amounted to BDS\$2.2 billion.

These results have been attained in a mixed economic environment. Barbados has experienced significant growth in tourism in 2004 and real economic growth for the year is forecast at 3%. In Jamaica, the exchange rate of the dollar has been stable for the year, but inflation continues to run at over 10%. The Jamaican economy continues to show positive signs, with tourism performing well. In Trinidad and Tobago, real economic growth for 2004 is forecast in excess of 5%, underpinned by growth in the energy sector.

The economic outlook in the other Caribbean countries where we operate is variable. Real economic growth in 2004 is forecast in St Lucia and Antigua, whilst Dominica has entered into an economic recovery programme with the IMF, which involves renegotiating the terms of existing government debt with lenders, including Sagicor.

We have recently made an announcement of the agreement to acquire certain business of First Life Insurance Company Limited, a Jamaican company. We expect to complete this purchase by the end of the year, which will strengthen our market position in Jamaica.

Sagicor shares were listed on the Trinidad and Tobago Stock Exchange on Tuesday 24 August, 2004. The Board and Management are pleased with this development and the resulting convenience which it affords investors in the Trinidad and Tobago market.

Given our performance to date and the prevailing economic climate, we anticipate another successful year in 2004.

Colin G. Goddard

Colin G. Goddard, *Chairman*
August 25, 2004

CONSOLIDATED BALANCE SHEET

Amounts expressed in thousands of Barbados dollars

	June 30 2004 (unaudited)	December 31 2003 (audited)
ASSETS		
Investments	2,331,890	2,197,449
Other assets	566,981	551,635
Total assets	2,898,871	2,749,084
LIABILITIES & EQUITY		
Policy liabilities	1,995,412	1,917,590
Other liabilities	186,737	199,848
Total liabilities	2,182,149	2,117,438
Minority interest in subsidiaries	64,702	56,289
Equity	652,020	575,357
Total liabilities and equity	2,898,871	2,749,084

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousands of Barbados dollars

	Six months ended June 30 2004 (unaudited)		Three months ended June 30 2004 (unaudited)	
	June 30 2004 (unaudited)	June 30 2003 (unaudited)	June 30 2004 (unaudited)	June 30 2003 (unaudited)
REVENUE				
Net premiums and contributions	266,568	235,838	137,700	117,046
Net investment and other income	121,935	111,744	57,669	60,878
Total revenue	388,503	347,582	195,369	177,924
POLICY BENEFITS AND EXPENSES				
Net policy benefits	220,287	190,419	107,589	96,871
Expenses	124,110	126,683	64,503	64,105
Total policy benefits and expenses	344,397	317,102	172,092	160,976
INCOME FROM ORDINARY ACTIVITIES	44,106	30,480	23,277	16,948
Corporation taxes	(6,895)	(3,456)	(4,745)	(1,520)
NET INCOME BEFORE MINORITY INTEREST	37,211	27,024	18,532	15,428
Minority interest	(6,393)	(7,218)	(2,963)	(4,189)
NET INCOME FOR THE PERIOD	30,818	19,806	15,569	11,239
Net income attributed to participating policyholders	1,051	-	712	-
Net income attributed to shareholders	29,767	19,806	14,857	11,239
	30,818	19,806	15,569	11,239
Basic and diluted earnings per share	11.4 cents	7.6 cents	5.7 cents	4.3 cents

EXPLANATORY NOTE TO THE FINANCIAL STATEMENTS

These interim financial statements have been prepared in condensed form under the accounting policies adopted by the company at the close of its last financial year (December 31, 2003). The comparative amounts in the Income Statement have been restated to conform with the current presentation.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in thousands of Barbados dollars

	Six months ended June 30, 2004 (unaudited)				
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Total
Balance at beginning of period	432,495	98,323	43,317	1,222	575,357
Net gains/(losses) not recognised in income	-	53,646	-	-	53,646
Net income for the period	-	-	29,767	1,051	30,818
Transfers to / from retained earnings	-	593	(593)	-	-
Dividends on common shares	-	-	(7,801)	-	(7,801)
Balance at end of period	432,495	152,562	64,690	2,273	652,020

	Six months ended June 30, 2003 (unaudited)				
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Total
Balance at beginning of period	432,495	36,331	-	-	468,826
Net gains / (losses) not recognised in income	-	(10,661)	-	-	(10,661)
Net income for the period	-	-	19,806	-	19,806
Transfers to / from retained earnings	-	565	(565)	-	-
Dividends on common shares	-	-	-	-	-
Dividends on preference shares of a subsidiary	-	-	(190)	-	(190)
Balance at end of period	432,495	26,235	19,051	-	477,781

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in thousands of Barbados dollars

	Six months ended June 30 2004 (unaudited)	Year ended December 31 2003 (audited)
CASH FLOWS		
Cash flows from operating activities	31,641	13,883
Cash flows from investing activities	(9,235)	(39,671)
Cash flows from financing activities	(11,874)	(19,181)
Effects of exchange rate changes on cash and cash equivalents	(47)	796
Net (decrease) increase in cash and cash equivalents	10,485	(44,173)
Cash and cash equivalents at beginning of period	161,796	205,969
Cash and cash equivalents at end of period	172,281	161,796