

# SAGICOR FINANCIAL CORPORATION – FINANCIAL REPORT

## THREE MONTH PERIOD ENDED MARCH 31, 2007

### CHAIRMAN'S STATEMENT

For the first three months of 2007, the Sagicor Group recorded net income of Bds \$32.2 million, an increase of Bds \$5.9 million or 22.5% over net income recorded in the first three months of 2006.

Net income attributable to shareholders totalled Bds \$19.8 million whilst the corresponding amount for 2006 was Bds \$18.9 million. Earnings per share were Bds 7.4 cents for the period and were Bds 7.1 cents in 2006. The annualised return on shareholders' equity was 9.5% compared to 10.5% in 2006. These results are consistent with our expectations for the first quarter performance.

Net premium revenue totalled Bds \$193.3 million compared to Bds \$179.3 million in 2006, an increase of 7.8%. Net investment and other income rose by 13.2% to Bds \$139.0 million for the three months. With no significant one-off gains included in revenue in either year, the overall growth in total revenue of Bds \$30.2 million is encouraging.

Benefits totalled Bds \$182.9 million for the period as compared to Bds \$171.5 million in 2006, an increase of 6.7%. Expenses totalled Bds \$111.5 million in 2007, an increase of Bds \$12.5 million. Expenses in 2007 include an additional Bds \$3.9 million in finance costs, arising from additional debt of Bds \$147.1 million on the balance sheet at March 31, 2007 compared to one year previously.

Income from ordinary operations totalled Bds \$37.9 million for the three month period. This compares to Bds \$31.6 million for the corresponding period in 2006. After deducting charges for income taxes, the Group net income for the period amounted to Bds \$32.2 million.

The balance sheet at March 31, 2007 reflects continued strength, with total assets of Bds \$6.8 billion and total equity of Bds \$1.1 billion. At March 31, 2007 debt totalled Bds \$327.0 million which represented a debt to total equity ratio of 29.5%.

The Sagicor Group continues to record growth and deliver sound results. The Board and Management are encouraged by the results in the first quarter and look forward with confidence to achieving our objectives and goals for 2007.



J Arthur Bethell  
Chairman  
May 23, 2007

### FINANCIAL HIGHLIGHTS

• Group net income of Bds \$32.2 million:	+22.5%
• Net income attributable to shareholders of Bds \$19.8 million:	+ 4.9%
• Return on shareholders' equity:	9.5%
• Total shareholders equity of Bds \$839.9 million:	+17.7%
• Total revenue of Bds \$332.3 million:	+10.0%

(+ % denotes change to March, 31 2007 from March 31, 2006)

### CONSOLIDATED BALANCE SHEET

Amounts expressed in Barbados \$000

	March 31 2007 (unaudited)	December 31 2006 (audited)
<b>ASSETS</b>		
Financial investments	5,214,741	5,049,644
Other investments and assets	1,618,231	1,676,910
<b>Total assets</b>	<b>6,832,972</b>	<b>6,726,554</b>
<b>LIABILITIES</b>		
Policy liabilities	3,502,431	3,494,279
Other liabilities	2,222,367	2,147,664
<b>Total liabilities</b>	<b>5,724,798</b>	<b>5,641,943</b>
<b>EQUITY</b>		
Total shareholders' equity	839,851	827,699
Participating accounts	22,185	19,805
Minority interest in subsidiaries	246,138	237,107
<b>Total equity</b>	<b>1,108,174</b>	<b>1,084,611</b>
<b>Total equity and liabilities</b>	<b>6,832,972</b>	<b>6,726,554</b>

### CONSOLIDATED INCOME STATEMENT

Amounts expressed in Barbados \$000

	Three months ended March 31	
	2007 (unaudited)	2006 (unaudited)
<b>REVENUE</b>		
Net premium revenue	193,279	179,318
Net investment and other income	139,021	122,802
<b>Total revenue</b>	<b>332,300</b>	<b>302,120</b>
<b>BENEFITS AND EXPENSES</b>		
Benefits	182,923	171,512
Expenses	111,475	98,971
<b>Total benefits and expenses</b>	<b>294,398</b>	<b>270,483</b>
<b>INCOME FROM ORDINARY ACTIVITIES</b>	<b>37,902</b>	<b>31,637</b>
Income taxes	(5,675)	(5,332)
<b>NET INCOME FOR THE PERIOD</b>	<b>32,227</b>	<b>26,305</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Shareholders	19,791	18,867
Participating policyholders	2,689	515
Minority interest	9,747	6,923
	<b>32,227</b>	<b>26,305</b>
<b>Net income attributable to shareholders - EPS</b>		
Basic earnings per common share	7.4 cents	7.1 cents
Fully diluted earnings per common share	7.4 cents	7.1 cents

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Amounts expressed in Barbados \$000

	Three months ended March 31, 2007 (unaudited)					Total
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	
Balance, beginning of period	460,470	96,212	271,017	19,805	237,107	1,084,611
Net gains / (losses) recognised directly in equity	-	(8,553)	-	(178)	(3,014)	(11,745)
Net income for the period	-	-	19,791	2,689	9,747	32,227
Total recognised gains and income for the period	-	(8,553)	19,791	2,511	6,733	20,482
Issue of shares	-	-	-	-	2,298	2,298
Other movements	-	3,688	(2,774)	(131)	-	783
	-	(4,865)	17,017	2,380	9,031	23,563
Balance, end of period	<b>460,470</b>	<b>91,347</b>	<b>288,034</b>	<b>22,185</b>	<b>246,138</b>	<b>1,108,174</b>

  

	Three months ended March 31, 2006 (unaudited)					Total
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	
Balance, beginning of period	458,451	106,526	165,329	20,920	201,508	952,734
Net gains / (losses) recognised directly in equity	-	(35,638)	-	(250)	1,790	(34,098)
Net income for the period	-	-	18,867	515	6,923	26,305
Total recognised gains and income for the period	-	(35,638)	18,867	265	8,713	(7,793)
Issue of shares	-	-	-	-	2,403	2,403
Dividends declared	-	-	-	-	(5,102)	(5,102)
Other movements	-	-	128	(128)	-	-
	-	(35,638)	18,995	137	6,014	(10,492)
Balance, end of period	<b>458,451</b>	<b>70,888</b>	<b>184,324</b>	<b>21,057</b>	<b>207,522</b>	<b>942,242</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts expressed in Barbados \$000

	Three months ended March 31	
	2007 (unaudited)	2006 (unaudited)
<b>CASH FLOWS</b>		
Net cash (used in) / from operating activities	(141,362)	8,523
Net cash used in investing activities	(9,272)	(2,777)
Net cash from financing activities	3,018	23,174
Effects of exchange rate changes	(1,691)	(527)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(149,307)</b>	<b>28,393</b>
Cash and cash equivalents, beginning of period	514,712	274,342
<b>Cash and cash equivalents, end of period</b>	<b>365,405</b>	<b>302,735</b>

**NOTE TO THE FINANCIAL STATEMENTS**
**BASIS OF PREPARATION**

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, 2006).