

CHAIRMAN'S STATEMENT

I am pleased to report on the financial results of the Sagicor Group for the year ended December 31, 2007. For the convenience of our readers across the many countries in which we operate, our 2007 financial results will be reflected in US dollars. This is a change for reporting purposes only and is not intended to suggest any changes in the way we do business or the currency in which our transactions are denominated.

The Sagicor Group had another strong performance for the financial year 2007. The Group recorded net income for the year of US \$108.7 million compared to US \$86.6 million for 2006. Net income attributable to shareholders amounted to US \$86.3 million compared to US \$67.7 million for 2006. These profits are respectively 25.5% and 27.5% more than those recorded for 2006.

The 2007 results have been augmented by a gain on the acquisition of the Sagicor at Lloyd's insurance syndicate, an acquisition that was effected on September 1, 2007. In accordance with International Financial Reporting Standards (IFRS), the Group recorded a gain on this acquisition of US \$26.4 million, of which US \$23.7 million is attributable to shareholders' interests. At the same time, and in accordance with IFRS, the Group made adjustments to the carrying value of certain intangible assets recorded during previous acquisitions in the amount of US \$3.7 million. The net position of these adjustments was a positive impact to net income of US \$22.7 million, or US \$20.6 million to shareholders.

Excluding the above net adjustments, the Group's operations exhibited a commendable performance. Total revenue increased to US \$746.6 million (excluding the gain) or by US \$84.3 million over the 2006 comparable total. Benefits paid and expenses totalled US \$640.7 million (excluding the adjustments), an increase of US \$78.9 million. Both revenue and expenses reflect the impact of four months of the Sagicor at Lloyd's acquisition.

Our US insurance subsidiary, Sagicor Life Insurance Company, fell short of its revenue targets for 2007 as the process of filing new products and establishing additional distribution took longer than anticipated. This impacted the Group's revenue targets for the year while the full cost of operations was borne during the year. I am pleased to report that the revenue for the last quarter of 2007 and the first quarter of 2008 is in line with expectations and Sagicor USA is making satisfactory progress. We remain confident that this subsidiary will be an important contributor to the Group's future performance. Sagicor General, our Caribbean property and casualty insurance subsidiary

also encountered some operational challenges during 2007, particularly in its Trinidad & Tobago operations. As a result, this subsidiary while continuing to be profitable did not achieve its profit target for the year. All other significant subsidiaries within the Group met or exceeded expectations.

Consequently, pre-tax income for the Sagicor Group for the year totalled US \$128.6 million as compared to US \$100.5 million in 2006, or US \$105.9 million compared to US \$100.5 million (excluding the acquisition adjustments). Net income to shareholders (excluding the acquisition adjustments) totalled US \$65.7 million compared to US \$67.7 million for 2006.

For shareholders, the results represent earnings per share of US 32.3 cents and a return on shareholders' equity of 22.1%, compared to US 25.4 cents and 19.0% for 2006. The comparable statistics excluding the acquisition adjustments were US 24.6 cents and 16.3% respectively.

The Group balance sheet continues to be a strong one. Total assets at the end of 2007 amounted to US \$3,649.7 million, compared to US \$3,363.3 million and total equity amounted to US \$586.7 million, compared to US \$542.3 million. The Group's debt financing at the end of the year totalled US \$152.7 million, with a debt to equity ratio of 26.0%.

With these results, and cognisant of the acquisition adjustments mentioned above, I am happy to report that the Board of Directors has approved a final dividend for 2007 of Bds 8 cents per share. The total dividend for 2007 is therefore Bds 14 cents, compared to Bds 13 cents for the previous year. The share price on the Barbados Stock Exchange increased from Bds \$4.13 as at December 29, 2006 (the last day of trading of 2006) to Bds \$5.20 as at December 31, 2007. This represented an increase in the share price of 25.9% for the year, and when combined with the dividend yield of 3.4%, produced a total return to shareholders of 29.3%. This represents a very strong return to shareholders.

For Sagicor, 2007 has been a year of continued development and expansion. We continue to develop and strengthen our position in the markets in which we operate. In most operational segments, whether defined by geography or by line of business, total revenues increased when compared to 2006. The acquisition during the year of the Sagicor at Lloyd's property and casualty insurance syndicate is important for the Group, as it brings further geographical and line of business diversification. The syndicate contributed four months' earnings to the Group in 2007.

On February 14, 2007, Sagicor Financial Corporation became the first Caribbean operating company to be admitted to the full listing of the London Stock Exchange. This is an important and strategic initiative of the Group and is consistent with our strategy to expand our operations internationally. I am also pleased to report that in February 2008, A.M Best & Company, the international insurance rating agency upgraded the rating of our US subsidiary Sagicor Life Insurance to "A- (Excellent)" with stable outlook from "B++ (Good)". This is a positive rating outcome for the US operations and will make it easier to attract quality agents and grow its business. A.M. Best also re-affirmed the "A (Excellent)" rating of our principal operating subsidiary, Sagicor Life Inc. This is the tenth year that Sagicor has achieved this strong rating. Also during 2007, Standard & Poor's (S&P) have re-affirmed the rating of Sagicor Life Inc. at "BBB+" with a stable outlook. We are indeed proud of these strong ratings.

The business environment for the financial services sector continues to be a challenging one. By the middle of 2007, the world financial markets in general and the US market in particular was reeling from the impact of the sub-prime mortgage crisis. This together with the continued decline in the US market has almost certainly turned a slow-down in the US economy into a recession. While these events have had little impact on the Sagicor Group during the year and to date in 2008, the recession is expected to continue through 2008 and will likely impact the markets in which we operate. Sagicor is in a strong position to weather these financial storms. We will continue to focus on the fundamentals of efficiency and cost containment, the acquisition of quality assets, adherence to strong corporate governance and the delivery of value to our customers. We believe that strict adherence to these values will differentiate companies during these harsh economic times and beyond.

In conclusion, I wish to thank all who have contributed to this year's results, and to especially thank our customers who continue to place confidence in Sagicor by doing business with us.



Terrence A Martins
 Chairman
 March 31, 2008

FINANCIAL HIGHLIGHTS	2007	2006
Group net income	US \$108.7m	US \$86.6m
Net income attributable to shareholders	US \$86.3m	US \$67.7m
Return on shareholders' equity	22.1%	19.0%
Total shareholders' equity	US \$455.2m	US \$413.9m
Total revenue	US \$773.0m	US \$662.3m

CONSOLIDATED BALANCE SHEET
**SAGICOR FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEET**

As of December 31, 2007

Amounts expressed in US \$000

	2007	2006
ASSETS		
Investment property	97,522	90,578
Property, plant and equipment	92,938	80,528
Investment in associated companies	30,334	26,836
Intangible assets	138,524	112,708
Financial investments	2,683,007	2,524,822
Reinsurance assets	320,155	321,689
Income tax assets	23,622	18,333
Miscellaneous assets and receivables	171,459	100,101
Cash resources	92,140	87,682
Total assets	3,649,701	3,363,277
LIABILITIES		
Policy liabilities		
Actuarial liabilities	1,364,304	1,373,584
Other insurance liabilities	313,915	152,701
Investment contract liabilities	242,376	220,855
	1,920,595	1,747,140
Other liabilities		
Notes and loans payable	152,719	160,488
Deposit and security liabilities	790,565	745,435
Provisions	23,542	20,565
Income tax liabilities	15,107	18,678
Accounts payable and accrued liabilities	160,466	128,666
Total liabilities	3,062,994	2,820,972
EQUITY		
Share capital	231,695	230,235
Reserves	21,735	48,106
Retained earnings	201,744	135,509
Total shareholders' equity	455,174	413,850
Participating accounts	9,396	9,902
Minority interest in subsidiaries	122,137	118,553
Total equity	586,707	542,305
Total equity and liabilities	3,649,701	3,363,277

These financial statements have been approved for issue by the Board of Directors on March 31, 2008.



Director



Director

CONSOLIDATED INCOME STATEMENT
**SAGICOR FINANCIAL CORPORATION
CONSOLIDATED INCOME STATEMENT**

Year ended December 31, 2007

Amounts expressed in US \$000

	2007	2006
REVENUE		
Premium revenue	535,871	468,703
Reinsurance premium expense	(105,485)	(91,081)
Net premium revenue	430,386	377,622
Net investment income	261,212	238,379
Share of operating income of associated companies	4,224	2,727
Fees and other revenue	50,734	43,602
Gains arising on acquisition	26,398	-
Total revenue	772,954	662,330
BENEFITS		
Policy benefits and change in actuarial liabilities	333,601	293,390
Policy benefits and change in actuarial liabilities reinsured	(33,028)	(29,698)
Net policy benefits and change in actuarial liabilities	300,573	263,692
Interest expense	84,063	82,277
Total benefits	384,636	345,969
EXPENSES		
Administrative expenses	142,190	125,371
Commissions and related compensation	77,932	57,066
Premium taxes	7,269	6,620
Finance costs	12,276	9,420
Depreciation and amortisation	20,101	17,350
Total expenses	259,768	215,827
INCOME FROM ORDINARY ACTIVITIES	128,550	100,534
Income taxes	(19,824)	(13,909)
NET INCOME FOR THE YEAR	108,726	86,625
NET INCOME ATTRIBUTABLE TO:		
Shareholders	86,289	67,663
Participating policyholders	(226)	(303)
Minority interest	22,663	19,265
	108,726	86,625
Net income attributable to shareholders - EPS		
Basic earnings per common share	32.3 cents	25.4 cents
Fully diluted earnings per common share	32.3 cents	25.4 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
**SAGICOR FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Year ended December 31, 2007

Amounts expressed in US \$000

	Share capital	Reserves	Retained earnings	Participating accounts	Minority interest	Total
Balance, beginning of year	230,235	48,106	135,509	9,902	118,553	542,305
Net gains/(losses) recognised directly in equity	-	(30,777)	(78)	(20)	(10,171)	(41,046)
Net income/(loss) for the year	-	-	86,289	(226)	22,663	108,726
Total recognised gains and income for the year	-	(30,777)	86,211	(246)	12,492	67,680
Issue of shares	484	-	-	-	2,675	3,159
Value of employee services rendered (net)	-	1,705	-	-	87	1,792
Net disposal of treasury shares	976	-	-	-	-	976
Disposal of equity interest	-	-	-	-	(3,593)	(3,593)
Dividends declared	-	-	(17,321)	-	(8,167)	(25,488)
Other movements	-	2,701	(2,655)	(260)	90	(124)
	1,460	(26,371)	66,235	(506)	3,584	44,402
Balance, end of year	231,695	21,735	201,744	9,396	122,137	586,707

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SAGICOR FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2006

Amounts expressed in US \$000

	Share capital	Reserves	Retained earnings	Participating accounts	Minority interest	Total
Balance, beginning of year	229,226	53,264	82,665	10,460	100,754	476,369
Net gains/(losses) recognised directly in equity	-	(5,938)	(22)	1	3,960	(1,999)
Net income/(loss) for the year	-	-	67,663	(303)	19,265	86,625
Total recognised gains and income for the year	-	(5,938)	67,641	(302)	23,225	84,626
Issue of shares	2,826	-	-	-	2,061	4,887
Value of employee services rendered (net)	-	1,472	-	-	-	1,472
Purchase of treasury shares	(1,817)	-	-	-	-	(1,817)
Dividends declared	-	-	(15,991)	-	(7,241)	(23,232)
Other movements	-	(692)	1,194	(256)	(246)	-
	1,009	(5,158)	52,844	(558)	17,799	65,936
Balance, end of year	230,235	48,106	135,509	9,902	118,553	542,305

CONSOLIDATED CASH FLOW STATEMENT

SAGICOR FINANCIAL CORPORATION
CONSOLIDATED CASH FLOW STATEMENT
Year ended December 31, 2007

Amounts expressed in US \$000

	2007	2006
Cash flows from operating activities		
Income from ordinary activities	128,550	100,534
Adjustments for non-cash items, interest and dividends	(138,815)	(73,271)
Interest and dividends received	207,016	192,160
Interest paid	(95,857)	(86,366)
Income taxes paid	(17,023)	(13,524)
Changes in operating assets	(275,300)	(115,856)
Changes in operating liabilities	119,673	52,293
Net cash (used in)/from operating activities	(71,756)	55,970
Cash flows from investing activities		
Property, plant and equipment, net	(10,532)	(11,345)
Investment in associated companies, net	(1,315)	310
Intangible assets, net	(4,120)	(2,228)
Acquisition of subsidiaries and insurance businesses, net of cash and cash equivalents	(2,289)	-
Net cash used in investing activities	(18,256)	(13,263)
Cash flows from financing activities		
Common shares issued	27	-
Net disposal/(purchase) of treasury shares	898	(1,817)
Dividends paid to shareholders	(17,137)	(15,797)
Shares issued to minority interest	2,348	1,767
Dividends paid to minority interest	(8,157)	(7,269)
Notes and loans payable, net	(7,952)	79,150
Net cash (used in)/from financing activities	(29,973)	56,034
Effects of exchange rate changes	8,803	(11,238)
Net (decrease)/increase in cash and cash equivalents	(111,182)	87,503
Cash and cash equivalents, beginning of year	224,674	137,171
Cash and cash equivalents, end of year	113,492	224,674

AUDITORS' REPORT

AUDITORS' REPORT

To the Shareholders of

Sagicor Financial Corporation

The accompanying summarised financial statements have been derived from the consolidated financial statements of **Sagicor Financial Corporation and its subsidiaries** (the Group) for the year ended December 31, 2007. These summarized financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on whether these summarized financial statements are consistent, in all material respects, with the consolidated financial statement from which they were derived.

We have audited the consolidated financial statements of the Group for the year ended December 31, 2007, from which these summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated March 31, 2008 we expressed an unqualified opinion on the consolidated financial statements from which the summarized financial statements were derived.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the consolidated financial statements from which they were derived.

For a better understanding of the Group's financial position and the results of its operations for the year, and of the scope of our audit, the summarized financial statements should be read in conjunction with the consolidated financial statements from which the summarized financial statements were derived and our audit report thereon.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
March 31, 2008