

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 |