

SAGICOR FINANCIAL CORPORATION

INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

CHAIRMAN'S REVIEW

The Sagicor Group has had a successful third quarter, achieving net income of Bds\$14.9 million. For the full nine month period, net income totaled Bds\$45.7 million. After accounting for the share of net income allocated to participating policyholders, net income attributable to shareholders was Bds\$44.8 million, representing an earnings per share of 17.2 cents.

The economic forecasts for our principal markets remain largely positive. In Trinidad and Tobago, real GDP growth is forecast for 2004 at 6%, whilst the corresponding forecast for Barbados is 2 to 3% and 2% for Jamaica.

During September, Hurricane Ivan passed directly over Grenada and the Cayman Islands with devastating effect. As a result, these islands have experienced significant economic losses and dislocation, recovery from which will take a number of years. On behalf of the Board, Management, Staff and Financial Advisors of the Sagicor Group, we extend our sympathies to the families of those who lost their lives during this tragedy and we commiserate with the people of Grenada, the Cayman Islands and all other countries affected by the hurricane.

Our life and health insurance operations in Grenada and Grand Cayman suffered some temporary dislocation but are largely now back to normal. We do however anticipate a slowdown in new business from these sources.

Our property and casualty subsidiary, Sagicor General Insurance Inc, operates an agency in Grand Cayman and estimates total property insurance claims as a result of the hurricane of Bds\$153.6 million. Net recoveries from reinsurers are estimated at Bds\$131.0 million, leaving Sagicor General with a net estimated loss of Bds\$22.6 million. Despite this, the Group still achieved expected results.

The minority interest allocation in the income statement was a net credit of Bds\$62,000 for the nine month period. This is because the minority interest in Sagicor General has borne Bds\$10.6 million of the insurance loss recorded in the Cayman Islands.

The Group has sustained revenue growth with premium income rising to Bds\$394.5 million for the nine month period. This compares with Bds\$ 355.2 million for the same period in 2003. Other income includes a gain on the sale of the business of our associated company, Caribbean Caricard Services Inc for Bds\$6.0 million. Policy benefits totaled Bds\$343.1 million and include the property insurance loss as a result of the hurricane.

On the balance sheet, total assets approached Bds\$3.0 billion and total liabilities were Bds\$2.2 billion. With total equity at Bds\$650 million, the Group remains well capitalised.

We have recently announced our intention to obtain a controlling interest in Pan Caribbean Financial Services Limited, a listed Jamaican Group, dealing in securities, foreign exchange, merchant banking, asset management and corporate trust services. On completion of this acquisition, we will be able to offer a wider range of products and services to our clients thus creating another stream of net income for our shareholders.

As 2004 draws to a close, we anticipate another successful year and look to 2005 and beyond with optimism, given the opportunities before us.



Colin G. Goddard, *Chairman*
November 24, 2004

CONSOLIDATED BALANCE SHEET

Amounts expressed in thousands of Barbados dollars

	September 30 2004 (unaudited)	December 31 2003 (audited)
ASSETS		
Investments	2,373,084	2,197,449
Other assets	576,399	551,635
Total assets	2,949,483	2,749,084
LIABILITIES & EQUITY		
Policy liabilities	2,042,353	1,917,590
Other liabilities	203,675	199,848
Total liabilities	2,246,028	2,117,438
Minority interest in subsidiaries	53,937	56,289
Equity	649,518	575,357
Total liabilities and equity	2,949,483	2,749,084

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousands of Barbados dollars

	Nine months ended Sept 30 2004 (unaudited)		Three months ended Sept 30 2004 (unaudited)	
REVENUE				
Net premiums and contributions	394,471	355,249	127,903	119,411
Net investment and other income	190,781	159,918	68,846	48,174
Total revenue	585,252	515,167	196,749	167,585
POLICY BENEFITS AND EXPENSES				
Net policy benefits	343,072	283,376	122,785	92,957
Expenses	187,739	185,516	63,629	58,833
Total policy benefits and expenses	530,811	468,892	186,414	151,790
INCOME FROM ORDINARY ACTIVITIES	54,441	46,275	10,335	15,795
Corporation taxes	(8,800)	(6,615)	(1,905)	(3,159)
NET INCOME BEFORE MINORITY INTEREST	45,641	39,660	8,430	12,636
Minority interest	62	(9,474)	6,455	(2,256)
NET INCOME FOR THE PERIOD	45,703	30,186	14,885	10,380
Net income attributed to participating policyholders	856	–	(195)	–
Net income attributed to shareholders	44,847	30,186	15,080	10,380
	45,703	30,186	14,885	10,380
Basic and diluted earnings per share	17.2 cents	11.6 cents	5.8 cents	4.0 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in thousands of Barbados dollars

	Nine months ended September 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	–	46,660	–	–	46,660
Net income for the period	–	–	44,847	856	45,703
Transfers to / from retained earnings	–	957	(957)	–	–
Dividends on common shares	–	–	(18,202)	–	(18,202)
Balance at end of period	432,495	145,940	69,005	2,078	649,518

	Nine months ended September 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	–	25,330	–	–	25,330
Net income for the period	–	–	30,186	–	30,186
Transfers to / from retained earnings	–	813	(813)	–	–
Dividends on common shares	–	–	–	–	–
Dividends on preference shares of a subsidiary	–	–	(285)	–	(285)
Balance at end of period	432,495	62,474	29,088	–	524,057

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in thousands of Barbados dollars

	Nine months ended September 30 2004 (unaudited)	Year ended December 31 2003 (audited)
CASH FLOWS		
Cash flows from operating activities	21,953	13,883
Cash flows from investing activities	(14,918)	(39,671)
Cash flows from financing activities	(26,938)	(19,181)
Effects of exchange rate changes on cash and cash equivalents	(354)	796
Net (decrease) increase in cash and cash equivalents	(20,257)	(44,173)
Cash and cash equivalents at beginning of period	161,796	205,969
Cash and cash equivalents at end of period	141,539	161,796

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.



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