



SAGICOR FINANCIAL CORPORATION

FINANCIAL REPORT

SIX MONTH PERIOD ENDED JUNE 30, 2007

CHAIRMAN'S REVIEW

In this my first report to you since assuming the office of Chairman of Sagicor Financial Corporation on June 26th 2007, I am pleased to report on the performance of the Group for the six months ended June 30th 2007.

The Sagicor Group of Companies recorded Net Income of Bds \$72 million for the first half of financial year 2007. These results are level with the previous year and consistent with Board expectations. Total revenue grew by 9% to reach Bds \$678 million, compared to Bds \$622 million for the same period of 2006. Premium revenue and investment income both recorded solid growth. Benefits and expenses also recorded increases during the period, with administrative expenses increasing by 10% reflecting the impact of some non-recurring cost associated with certain strategic initiatives, including our listing on the London Stock Exchange. In addition, during the six months, the Group continued to integrate previous acquisitions into our operations and to enhance the marketing and distribution capability of our US operations. On July 2nd 2007, Sagicor entered into an agreement to acquire the Lloyds insurance syndicate known as Gerling at Lloyds Limited. The syndicate underwrites property and casualty insurance business primarily in North America and Europe. We expect these initiatives to contribute positively to the future performance of the Sagicor Group.

The balance sheet as at June 30th 2007 reflects continued strength, with total assets of Bds \$6.9 billion and total equity of Bds \$1.1 billion. On June 18th, 2007, AM Best Company, the international rating agency affirmed the "A" (Excellent) financial strength rating of the Sagicor Group's operating life insurance subsidiaries. This rating reflects the Group's strong capital position and consistent operating performance.

Consistent with previous years, the performance of the Sagicor Group in the second half of the financial year is expected to be stronger than that of the first half. The Board remains confident that our financial objectives for 2007 will be achieved.

The Directors have maintained the interim dividend of Bds \$6.0 cents per share, representing a dividend payout ratio of 31.6% of earnings for the half year.

Finally, I would like to thank out going Chairman Mr. Arthur Bethell for a long and distinguished career with the Sagicor Group of Companies and wish him all the best in his retirement.

Terrence Martins
Chairman

FINANCIAL HIGHLIGHTS

Group net income	Bds \$72.5m
Net income attributable to shareholders	Bds \$50.8m
Return on shareholders' equity	12.6%
Total shareholders equity	Bds \$829.6m
Total revenue	Bds \$678.2m

CONSOLIDATED BALANCE SHEET

Amounts expressed in thousands of Barbados dollars

	June 30 2007 (unaudited)	December 31 2006 (audited)
ASSETS		
Financial investments	5,225,237	5,049,644
Other investments and assets	1,689,941	1,676,910
Total assets	6,915,178	6,726,554
LIABILITIES		
Policy liabilities	3,516,596	3,494,279
Other liabilities	2,302,427	2,147,664
Total liabilities	5,819,023	5,641,943
EQUITY		
Shareholders' equity	829,559	827,699
Participating accounts	22,431	19,805
Minority interest	244,165	237,107
Total equity	1,096,155	1,084,611
Total liabilities and equity	6,915,178	6,726,554

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousands of Barbados dollars

	Six months ended		Three months ended	
	June 30 2007 (unaudited)	June 30 2006 (unaudited)	June 30 2007 (unaudited)	June 30 2006 (unaudited)
REVENUE				
Net premium revenue	386,523	361,397	193,244	182,079
Net investment and other income	291,660	260,687	152,639	137,885
Total revenue	678,183	622,084	345,883	319,964
BENEFITS AND EXPENSES				
Benefits	363,372	332,444	180,449	160,932
Expenses	227,467	203,612	115,992	104,641
Total benefits and expenses	590,839	536,056	296,441	265,573
INCOME FROM ORDINARY ACTIVITIES				
Income taxes	(14,865)	(13,305)	(9,190)	(7,973)
NET INCOME FOR THE PERIOD	72,479	72,723	40,252	46,418
NET INCOME ATTRIBUTABLE TO				
Shareholders	50,761	50,372	30,970	31,505
Participating policyholders	2,821	4,334	132	3,819
Minority interest	18,897	18,017	9,150	11,094
	72,479	72,723	40,252	46,418
Net income attributed to shareholders - EPS				
Basic earnings per common share	19.0 cents	18.9 cents	11.6 cents	11.8 cents
Fully diluted earnings per common share	19.0 cents	18.9 cents	11.6 cents	11.8 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in
thousands of Barbados dollars

	Six months ended June 30, 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 losses recognised directly in equity	–	(30,464)	–	66	(5,399)	(35,797)
Net income for the period	–	–	50,761	2,821	18,897	72,479
Total recognised gains / (losses)	–	(30,464)	50,761	2,887	13,498	36,682
Issue of shares	–	–	–	–	2,339	2,339
Value of employee services rendered	–	1,660	–	–	–	1,660
Purchase of treasury shares	(1,325)	–	–	–	–	(1,325)
Dividends declared	–	–	(18,633)	–	(8,778)	(27,411)
Other movements	–	3,262	(3,401)	(261)	(1)	(401)
	(1,325)	(25,542)	28,727	2,626	7,058	11,544
Balance, end of period	459,145	70,670	299,744	22,431	244,165	1,096,155

	Six months ended June 30, 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 losses recognised directly in equity	–	(46,779)	–	(87)	(6,431)	(53,297)
Net income for the period	–	–	50,372	4,334	18,017	72,723
Total recognised gains / (losses)	–	(46,779)	50,372	4,247	11,586	19,426
Issue of shares	5,294	–	–	–	2,392	7,686
Value of employee services rendered	571	–	–	–	–	571
Purchase of treasury shares	(3,814)	–	–	–	–	(3,814)
Dividends declared	–	–	(16,014)	–	(6,024)	(22,038)
Other movements	–	(826)	1,081	(255)	–	–
	2,051	(47,605)	35,439	3,992	7,954	1,831
Balance, end of period	460,502	58,921	200,768	24,912	209,462	954,565

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in
thousands of Barbados dollars

	Six months ended	
	June 30 2007 (unaudited)	June 30 2006 (unaudited)
CASH FLOWS		
Cash flows used in from operating activities	(62,050)	(34,234)
Cash flows used in investing activities	(13,826)	(1,412)
Cash flows (used in)/from financing activities	(29,052)	151,732
Effects of exchange rate changes	(2,225)	(10,189)
Net increase in cash and cash equivalents	(107,153)	105,897
Cash and cash equivalents at beginning of period	514,712	274,342
Cash and cash equivalents at end of period	407,559	380,239

NOTES TO THE FINANCIAL STATEMENTS

1. 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).