The Sagicor Group of companies recorded another commendable performance for the six months ended June 30th 2009. Group net income for the period amounted to US $40.4 million, compared to US $45.4 million for the corresponding period in 2008. Net income attributable to shareholders was US $23.0 million compared to US $33.3 million for 2008. Allowing for the acquisition gain on Barbados Farms of US $4.6 million, and the uplift in investment income from the sale of the RBTT shares of approximately US $5 million in 2008, the 2009 performance compares favorably with the previous year.

Earnings per share was 8.3 US cents (compared to 12.1 US cents in 2008), and the annualized return on shareholders’ equity was 10.1%, against 15.1% for 2008.

Our Caribbean operations including Jamaica and the Netherland Antilles recorded solid performances in a significantly challenging environment. These operations generated net income to shareholders of US $18.9 million, level with same period in 2008 of US $19.8 million.

Our international division which includes our USA and UK operations and our Property & Casualty business generated an operating profit of US $5.3 million for the period. This was slightly ahead of expectation and better than 2008 by US $2.4 million. The USA operations contributed a small profit in line with expectation. However, consistent with many UK syndicates operating within the Lloyds markets, which write dollar denominated insurance business, Sagicor at Lloyds recorded a foreign exchange translation loss of US $9.4 million. This reduced the net operating income of the international division to a net loss of US $4.1 million. The translation loss is an accounting entry only, and has no cash flow or economic impact on the operating performance of the syndicate. These foreign exchange translation differences are expected to even themselves out over time as they result from non-monetary assets and liabilities being recorded at historical rates, but related monetary assets and liabilities being translated at current rates.

Total revenue for the Sagicor Group for the six months amounted to US $587.0 million compared to US $461.7 million; an increase of 27%. Net premium revenue reached US $416.0 million, 46% above the amount for the same period in 2008. Strong new business growth from the USA and the UK. Total equity increased to US $624.1 million compared to US $581.6 million at the end of 2008.

During the period, the economic environment in the Caribbean became increasingly challenging as the region began to experience the impact of the global recession. Many regional governments have signaled their intention to seek balance of payment support from the International Monetary Fund (IMF) as the fiscal positions across the region deteriorate. Both the Government of Jamaica and the Government of Barbados have had their international ratings downgraded by Standard & Poor’s (S&P). Jamaica has suffered two downgrades during the period and now stands at CCC+, while Barbados has suffered a downgrade from BBB+ to BBB. Trinidad and Tobago, which remains the strongest economy in the region, has had its rating outlook changed to “negative”. As a result of these country rating changes, Sagicor, which operates in all of these territories has had its rating changed from BBBB- to BBB in line with its sovereign Barbados. Our rating has been further impacted with an outlook change to negative following the further downgrade of Jamaica; this despite consistent profitable operating performance and continued strong capitalization.

As an insurance company operating in the Caribbean, Sagicor is required by law to invest substantially in the bonds and other instruments issued by the Governments of the countries in which we operate. This is not expected as the funds available for investments are seen as part of the national savings which should be made available to fund the economic development of the country. However, this naturally exposes our Group to the vagaries of the economic performances of these countries. We continue to address this business risk through expansion and geographic diversification.

We expect the region to continue to be challenged by economic conditions for the remainder of 2009 and perhaps well into the next year. We remain committed to the development of the communities in which we operate while delivering competitive returns to our stakeholders. In this regard, we are also committed to the orderly development of our international operations, particularly in the USA and the UK. We believe that this will be the long-term benefit of all of our stakeholders.

Terrence A. Martins
Chairman
August 24, 2009
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SAGICOR FINANCIAL CORPORATION
Amounts expressed in US $000

Six months ended June 30
Three months ended June 30
2009 (unaudited) 2008 (unaudited) 2009 (unaudited) 2008 (unaudited)

NET INCOME FOR THE PERIOD
40,403 45,449 22,638 25,428

OTHER COMPREHENSIVE INCOME
Changes in fair value reserves:
Owner occupied property - 891 - (213)
Available for sale financial assets 22,195 (48,743) 35,032 (20,472)
Cash flow hedges 234 - (10) -
22,429 (47,852) 35,022 (20,685)
Retranslation of foreign currency operations (9,910) (2,617) 9,451 (803)
Other items - - - -
OTHER COMPREHENSIVE INCOME FOR THE PERIOD 12,519 (50,472) 44,473 (21,491)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD 52,922 (5,023) 67,111 3,937

TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:
Shareholders 41,194 (7,027) 51,455 2
Participating policyholders 1,474 (441) 2,419 (697)
Minority interest 10,254 2,445 13,237 4,632
52,922 (5,023) 67,111 3,937

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SAGICOR FINANCIAL CORPORATION
Amounts expressed in US $000

Six months ended June 30, 2009
(unaudited)

Share
Retained Participating Minority Total
Capital Reserves Earnings Accounts Interest
258,153 (85,272) 274,870 12,499 121,397 581,647
Balance, beginning of period - - - - - -
Total comprehensive income for the period - 18,153 23,041 1,474 10,254 52,922
Issue of shares - - - - 383 383
Dividends declared - - (5,553) - (5,138) (10,691)
Other movements - (35) 26 (131) 0 (140)
Balance, end of period 258,153 (67,154) 292,384 13,842 126,896 624,121

Six months ended June 30, 2008
(unaudited)

Share
Retained Participating Minority Total
Capital Reserves Earnings Accounts Interest
231,695 21,735 201,744 9,396 122,137 586,707
Balance, beginning of period - - - - - -
Total comprehensive income / loss for the period - (40,315) 33,288 (441) 2,445 (5,023)
Issue of shares 25,800 - - - 1,222 27,022
Minority interest acquired - - - - 13,484 13,484
Purchase of treasury shares (2,624) - - - - (2,624)
Dividends declared - - (11,087) - (6,005) (17,092)
Other movements - 757 529 (131) (1,620) (465)
Balance, end of period 254,871 (17,823) 224,474 8,824 131,663 602,009

CONSOLIDATED STATEMENT OF CASH FLOWS

SAGICOR FINANCIAL CORPORATION
Amounts expressed in US $000

Six months ended June 30
2009 (unaudited) 2008 (unaudited)

CASH FLOWS
Operating activities 96,123 30,366
Investing activities (6,643) (4,856)
Financing activities (2,617) (603)
Effects of exchange rate changes 6,962 971
Net change in cash and cash equivalents 93,825 25,878
Cash and cash equivalents, beginning of period 226,852 113,492
Cash and cash equivalents, end of period 320,677 139,370

NOTE TO THE FINANCIAL STATEMENT

1. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting policies set out in note 2 of the December 31, 2008 audited financial statements.