



SAGICOR FINANCIAL CORPORATION – FINANCIAL REPORT

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007

CHAIRMAN'S REPORT

2007 is emerging as another successful year for Sagicor. For the nine months ended September 30, 2007, Group net income reached Bds \$136.7 million compared to Bds \$106.5 million for the same period for 2006. Net Income attributable to shareholders totalled Bds \$100.4 million compared to Bds \$80.2 million. These are excellent results and represent a 25.2% increase over 2006 to shareholders and a 28.4% increase overall.

Earnings per common share totalled Bds 37.6 cents compared to Bds 30.1 cents for the previous year. The annualised return achieved on shareholders' equity was 16.0%.

Consistent with our expectations, Group net income and net income attributable to shareholders for the third quarter are both substantially up on the two preceding quarters. Group net income was Bds \$32.2 million for the first quarter, increasing to Bds \$40.3 million for the second quarter, and again increasing to Bds \$64.3 million for the third quarter. This trend is a result of continued growth in revenues, with premium and investment income both making their contribution.

For the nine months to September 30, 2007, total revenue amounted Bds \$1.05 billion compared to Bds \$949 million to September 2006, an overall growth of 11.6%. Benefits and expenses grew to Bds \$899.0 million as compared to Bds \$821.8 million for the same period in 2006.

Pre-tax income amounted to Bds \$160.5 million, an increase of 26.2% over the corresponding amount in 2006.

The balance sheet at September 30, 2007 remains strong, with total assets amounting to Bds \$7.2 billion and total equity of Bds \$1.1 billion.

I am pleased to report that during this third quarter, Sagicor completed the acquisition of Lloyd's of London Insurance Syndicate 1206 and its associated companies. This is an important acquisition as it enables the Group to expand substantially its property and casualty insurance business and to write this business in insurance markets across the world. The acquired companies have been re-branded and are now known as Sagicor at Lloyd's. This acquisition is consistent with our strategy to expand the range of products and services that we offer and in keeping with our plans to expand into new markets which offer attractive opportunity for profitable growth.

The year to date performance of the Sagicor Group remains strong and consistent with our expectations. We remain optimistic about our performance for the full financial year 2007.

Terrence A. Martins
Chairman
November 19, 2007.

FINANCIAL HIGHLIGHTS	2007	2006
Group net income	Bds \$136.7m	Bds \$106.5m
Net income attributable to shareholders	Bds \$100.4m	Bds \$80.2m
Annualised return on shareholders' equity	16.0%	14.4%
Total shareholders equity	Bds \$840.5m	Bds \$750.5m
Total revenue	Bds \$1,059.5m	Bds \$949.0m

CONSOLIDATED BALANCE SHEET

Amounts expressed in thousands of Barbados dollars	September 30	December 31
	2007 (unaudited)	2006 (audited)
ASSETS		
Financial investments	5,324,236	5,049,644
Other investments and assets	1,908,109	1,676,910
Total assets	7,232,345	6,726,554
LIABILITIES		
Policy liabilities	3,822,575	3,494,279
Other liabilities	2,302,440	2,147,664
Total liabilities	6,125,015	5,641,943
EQUITY		
Shareholders' equity	840,466	827,699
Participating accounts	22,556	19,805
Minority interest	244,308	237,107
Total equity	1,107,330	1,084,611
Total liabilities and equity	7,232,345	6,726,554

CONSOLIDATED INCOME STATEMENT

Amounts expressed in thousands of Barbados dollars	Nine months ended		Three months ended	
	September 30		September 30	
	2007	2006	2007	2006
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Net premium revenue	601,878	556,399	215,355	195,002
Net investment and other income	457,595	392,634	165,935	131,947
Total revenue	1,059,473	949,033	381,290	326,949
BENEFITS AND EXPENSES				
Benefits	544,394	511,107	181,022	178,663
Expenses	354,609	310,738	127,142	107,126
Total benefits and expenses	899,003	821,845	308,164	285,789
INCOME FROM ORDINARY ACTIVITIES				
Income taxes	(23,724)	(20,648)	(8,859)	(7,343)
NET INCOME FOR THE PERIOD	136,746	106,540	64,267	33,817
NET INCOME ATTRIBUTABLE TO:				
Shareholders	100,394	80,210	49,633	29,838
Participating policyholders	3,114	260	293	(4,074)
Minority interest	33,238	26,070	14,341	8,053
	136,746	106,540	64,267	33,817
Net income attributed to shareholders - EPS				
Basic earnings per common share	37.6 cents	30.1 cents	18.6 cents	11.2 cents
Fully diluted earnings per common share	37.6 cents	30.1 cents	18.6 cents	11.2 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in thousands of Barbados dollars

	Nine months ended September 30, 2007					Total
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	
	(unaudited)					
Balance, beginning of period	460,470	96,212	271,017	19,805	237,107	1,084,611
Net losses recognised directly in equity	-	(57,778)	(155)	29	(20,899)	(78,803)
Net income for the period	-	-	100,394	3,114	33,238	136,746
Total recognised gains / (losses)	-	(57,778)	100,239	3,143	12,339	57,943
Issue of shares	967	-	-	-	2,323	3,290
Value of employee services rendered	-	1,563	-	-	157	1,720
Net disposal of treasury shares	1,951	-	-	-	-	1,951
Dividends declared	-	-	(34,643)	-	(7,785)	(42,428)
Other movements	-	2,035	(1,567)	(392)	167	243
	2,918	(54,180)	64,029	2,751	7,201	22,719
Balance, end of period	463,388	42,032	335,046	22,556	244,308	1,107,330

	Nine months ended September 30, 2006					Total
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	
	(unaudited)					
Balance, beginning of period	458,451	106,526	165,329	20,920	201,508	952,734
Net losses recognised directly in equity	-	(30,614)	-	(179)	(1,260)	(32,053)
Net income for the period	-	-	80,210	260	26,070	106,540
Total recognised gains / (losses)	-	(30,614)	80,210	81	24,810	74,487
Issue of shares	5,652	-	-	-	2,385	8,037
Value of employee services rendered	-	525	-	-	-	525
Purchase of treasury shares	(4,000)	-	-	-	-	(4,000)
Dividends declared	-	-	(31,980)	-	(6,005)	(37,985)
Other movements	-	(1,249)	1,632	(383)	-	-
	1,652	(31,338)	49,862	(302)	21,190	41,064
Balance, end of period	460,103	75,188	215,191	20,618	222,698	993,798

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in thousands of Barbados dollars

	Nine months ended September 30	
	2007 (unaudited)	2006 (unaudited)
CASH FLOWS		
Cash flows (used in) / from operating activities	(193,275)	30,487
Cash flows from / (used in) investing activities	14,300	(14,500)
Cash flows (used in) / from financing activities	(18,533)	141,886
Effects of exchange rate changes	(2,448)	(8,881)
Net (decrease) / increase in cash and cash equivalents	(199,956)	148,992
Cash and cash equivalents at beginning of period	514,712	274,342
Cash and cash equivalents at end of period	314,756	423,334

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).

The September 2006 comparative results have been restated to reflect certain changes in the mechanisms for valuing policies in the participating funds and for accounting for these funds. These changes were made in the 2006 year end financial statements and their impact on the comparative period is incorporated in these statements.

2. ACQUISITION

Effective September 1, 2007, Sagicor acquired a 90% interest in Lloyd's of London Insurance Syndicate 1206 and its associated companies. These companies were re-branded and are now known as the Sagicor at Lloyd's Group.

This acquisition has contributed Bds\$13.0 million to revenue and Bds\$ 0.1 million to Group net income for the period September 1 - 30. The acquisition has brought Bds\$ 322.5 million and Bds\$ 294.6 million in additional assets and liabilities respectively to the Group balance sheet.

The Group has now commissioned a valuation to determine the acquired intangible assets, the results of which will be incorporated in the 2007 year end financial statements.