

CHAIRMAN'S STATEMENT

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 an increasingly challenging environment. These operations generated net income to shareholders of US \$38.9 million, level with same period in 2008 of US \$39.8 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 UK, together with the positive impact of the acquisition of the business of Blue Cross in Jamaica at the end of 2008 accounted for the significant growth in net premium revenue.

Net investment and other income at US \$171.0 million was level with 2008, reflecting the lower investment yields consistent with the challenging investment environment.

Benefits and expenses for the period under review reached US \$540.1 million, up by 33% from US \$406.7 million in 2008. Benefits increased by 49% reflecting the increased business from the USA and UK operations and the acquisition of the business of Blue Cross in Jamaica. Expenses increased by 9% over 2008, reflecting the growth in the operating activity of the Group.

One significant feature of the period was the continuing reversal of mark-to-market losses on available for sale financial assets. For the six months under review there was an unrealized net increase in the fair value of investment assets of US \$26.1 million. This is to be compared to unrealized fair value losses of US \$27.7 million for the same period last year. These are positive signs that the financial markets are stabilizing as the effect of the financial crisis and the global recession begin to ease internationally. We continue to record foreign exchange translation losses on our Jamaica operations as the Jamaica dollar depreciated further against the US dollar. Total comprehensive net income for the period amounted to US \$52.9 million compared to a comprehensive net loss of US \$5.0 million for 2008.

Total assets reached US \$4.2 billion, up from US \$3.9 billion as at December 31st 2008, of which 69% are held in respect of our Caribbean operations and 31% held in respect of 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 BBB+ 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 unexpected as the funds available for investments are seen as part of the national savings which should be 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 to the long-term benefit of all of our stakeholders.



Terrence A Martins
Chairman
August 24, 2009

FINANCIAL HIGHLIGHTS	June 30, 2009	June 30, 2008
Group net income	US\$ 40.4m	US\$ 45.4m
Net income attributable to shareholders	US\$ 23.0m	US\$ 33.3m
Annualized return on shareholders' equity	10.1%	15.1%
Shareholders' equity	US\$ 483.4m	US\$ 461.5m
Revenue	US\$ 587.0m	US\$ 461.7m

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	June 30 2009	December 31 2008
	(unaudited)	(audited)
ASSETS		
Financial investments	3,015,094	2,879,466
Other investments and assets	1,227,280	1,099,850
Total assets	4,242,374	3,979,316
LIABILITIES		
Policy liabilities	2,287,296	2,103,247
Other liabilities	1,330,957	1,294,422
Total liabilities	3,618,253	3,397,669
EQUITY		
Shareholders' equity	483,383	447,751
Participating accounts	13,842	12,499
Minority interest	126,896	121,397
Total equity	624,121	581,647
Total liabilities and equity	4,242,374	3,979,316

These financial statements have been approved for issue by the Board of Directors on August 24, 2009.



Director



Director

CONSOLIDATED INCOME STATEMENT

SAGICOR FINANCIAL CORPORATION

Amounts expressed in US \$000

	Six months ended June 30		Three months ended June 30	
	2009	2008	2009	2008
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE				
Net premium revenue	415,972	285,803	249,788	146,864
Net investment and other income	171,002	171,281	87,231	89,896
Net gains arising on acquisitions	-	4,645	-	(459)
Total revenue	586,974	461,729	337,019	236,301
BENEFITS AND EXPENSES				
Benefits	360,013	242,194	225,598	124,134
Expenses	180,078	164,502	86,037	81,514
Total benefits and expenses	540,091	406,696	311,635	205,648
INCOME FROM ORDINARY ACTIVITIES	46,883	55,033	25,384	30,653
Income taxes	(6,480)	(9,584)	(2,746)	(5,225)
NET INCOME FOR THE PERIOD	40,403	45,449	22,638	25,428
NET INCOME ATTRIBUTABLE TO:				
Shareholders	23,041	33,291	12,503	19,792
Participating policyholders	1,601	(411)	2,422	(678)
Minority interest	15,761	12,569	7,713	6,314
	40,403	45,449	22,638	25,428
Net income attributed to shareholders - EPS				
Basic earnings per common share	8.3 cents	12.1 cents	4.5 cents	7.1 cents
Fully diluted earnings per common share	8.3 cents	12.0 cents	4.5 cents	7.1 cents

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	-	(3)	-	(3)
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 Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	258,153	(85,272)	274,870	12,499	121,397	581,647
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 Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	231,695	21,735	201,744	9,396	122,137	586,707
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.