

CHAIRMAN'S STATEMENT

The Sagicor Group posted a consolidated Group loss of US \$11.1 million for the first quarter of 2011, US \$18.5 million to shareholders, compared to net income of US \$13.1 million for the same period in 2010, US \$6.5 million to shareholders. Impacted by exceptional natural catastrophes, our Property & Casualty subsidiary, Sagicor at Lloyds, incurred US \$36.2 million in catastrophe losses during the quarter, net of reinsurance and including reinstatement premiums. The unprecedented occurrence of the Australian flood, Australian Cyclone Yasi, New Zealand and Japanese earthquakes all in the first quarter had a significant negative impact on the global P&C industry, of which Sagicor is a part. Sagicor at Lloyds has established appropriate claims reserves and has adequate resources and capital to meet its obligations. Despite these first quarter results, the Sagicor Group still expects to record a profit for the current financial year, which would allow the Group to maintain its dividend.

Excluding the impact of the catastrophe losses, the remainder of the Sagicor Group produced relatively strong results, posting net income before taxes of US \$28.9 million for the quarter, compared to US \$25.5 million for the first quarter of 2010.

At the end of the quarter, assets had increased to US \$5.1 billion, an increase of US \$0.3 billion over the three month period. Total equity stood at US \$715.9 million as compared to US \$738.8 million at the beginning of the period.

Like many international insurers covering property & casualty risks in Asia, the first quarter of 2011 for Sagicor was an exceptional quarter for natural catastrophes. Each of the events is considered a one in two hundred years event, which negatively impacted one segment of our Group. The Group's other operations continue to produce positive results.

By the time of publication of these first quarter results, Shareholders will have received their copy of the Annual Report for the financial year ended December 31, 2010, together with the Notice of the Annual Meeting, including the Management Proxy Circular, and containing details of the proposed investment in Sagicor by IFC. The investment by IFC of US \$100 million will comprise US \$20 million in common equity at a price of US \$1.63 per share, a discount on our September 30, 2010 book value of US \$1.98 per share, and a further US \$80 million in 6.5% Convertible Redeemable Preference shares at a price of US \$1.00

per preference share. The preference shares will be convertible at US \$1.98 per share up to 5 years from issue. Shareholders will be afforded the opportunity to further invest in Sagicor by participating in the new common shares and new preference shares at the same price as those agreed with IFC.

The global economy having emerged from recession, the markets in which Sagicor operates are showing promising signs of positive economic activity. This will, in turn, not only support the Group's return to previous levels of profitability, but also provide the opportunity for continued profitable growth in our operations. On behalf of the Board, I wish to thank our Policyholders, Clients and Shareholders for their continued and valued support.



Stephen McNamara
Chairman
May 11, 2011.

In US \$ millions	2011	2010
Income before taxation:		
Operations, excluding catastrophe losses	28.9	25.5
Catastrophe losses	(36.2)	(7.5) ¹
	(7.3)	18.0
Income taxes	(3.8)	(4.9)
Group net income	(11.1)	13.1

¹ Losses in respect of the Chilean earthquake.

Total revenue for the period increased to US \$345.9 million from US \$292.5 million in 2010. Its geographical distribution was 59% in the Caribbean region (2010 - 62%), 27% in the UK (2010 - 29%), and 14% in the USA (2010 - 9%). Total benefits increased to US \$243.6 million, up from US \$176.4 for the same period of 2010, reflecting the increased provisions for potential P&C claims. Expenses and commissions amounted to US \$109.6 million for the quarter, compared to US \$98.1 million for 2010, reflecting the continued growth in business.

FINANCIAL HIGHLIGHTS (in US currency except percentage amounts)	March 31, 2011	March 31, 2010
Group net income	\$(11.1)m	\$13.1m
Total Group comprehensive income	\$(10.6)m	\$35.2m
Net income attributable to shareholders	\$(18.5)m	\$6.5m
Total comprehensive income attributable to shareholders	\$(18.2)m	\$19.3m
Earnings per share	(6.4)¢	2.2¢
Total comprehensive income per share	(6.3)¢	6.6¢
Annualised income return on shareholders' equity	(13.1)%	4.8%
Annualised comprehensive income return on shareholders' equity	(12.9)%	14.4%
Shareholders' equity	\$541.4m	\$551.7m
Book value per share	\$1.87	\$1.90
Revenue	\$345.8m	\$292.5m

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

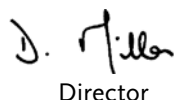
Amounts expressed in US \$000

	March 31 2011 (unaudited)	December 31 2010 (audited)
ASSETS		
Financial investments	3,796,928	3,636,832
Other investments and assets	1,344,455	1,230,419
Total assets	5,141,383	4,867,251
LIABILITIES		
Policy liabilities	2,875,589	2,712,931
Other liabilities	1,549,855	1,415,479
Total liabilities	4,425,444	4,128,410
EQUITY		
Shareholders' equity	541,416	565,552
Participating accounts	3,533	4,347
Minority interest	170,990	168,942
Total equity	715,939	738,841
Total liabilities and equity	5,141,383	4,867,251

These financial statements have been approved for issue by the Board of Directors on May 11, 2011.



Director



Director

CONSOLIDATED STATEMENT OF INCOME

Amounts expressed in US \$000

	Three months ended March 31	
	2011 (unaudited)	2010 (unaudited)
REVENUE		
Net premium revenue	252,106	197,267
Net investment and other income	93,752	95,271
Total revenue	345,858	292,538
BENEFITS AND EXPENSES		
Benefits	243,620	176,369
Expenses	109,584	98,149
Total benefits and expenses	353,204	274,518
INCOME BEFORE TAXES	(7,346)	18,020
Income taxes	(3,783)	(4,954)
NET INCOME	(11,129)	13,066
NET INCOME ATTRIBUTABLE TO:		
Shareholders	(18,486)	6,500
Participating policyholders	(761)	(413)
Minority interest	8,118	6,979
	(11,129)	13,066
Net income attributed to shareholders - EPS		
Basic earnings per common share	(6.4) cents	2.2 cents
Fully diluted earnings per common share	(6.4) cents	2.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in US \$000

	Three months ended	
	March 31	
	2011	2010
	(unaudited)	(unaudited)
NET INCOME	(11,129)	13,066
OTHER COMPREHENSIVE INCOME:		
Changes in fair value reserves:		
Available for sale financial assets	(1,754)	28,678
Actuarial liabilities	867	(540)
Cash flow hedges	-	191
	(887)	28,329
Retranslation of foreign currency operations	1,392	(6,211)
OTHER COMPREHENSIVE INCOME, NET OF TAX	505	22,118
TOTAL COMPREHENSIVE INCOME	(10,624)	35,184
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders	(18,171)	19,260
Participating policyholders	(753)	(120)
Minority interest	8,300	16,044
	(10,624)	35,184

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in US \$000

	Three months ended March 31, 2011					
	(unaudited)					
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	277,172	(14,406)	302,786	4,347	168,942	738,841
Total comprehensive income	-	315	(18,486)	(753)	8,300	(10,624)
Dividends declared	-	-	(5,765)	-	(6,294)	(12,059)
Other movements	(1,100)	833	67	(61)	42	(219)
Balance, end of period	276,072	(13,258)	278,602	3,533	170,990	715,939

	Three months ended March 31, 2010					
	(unaudited)					
	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	278,252	(42,609)	302,431	5,851	137,503	681,428
Total comprehensive income	-	12,760	6,500	(120)	16,044	35,184
Dividends declared	-	-	(5,818)	-	(3,603)	(9,421)
Other movements	-	665	(447)	(65)	125	278
Balance, end of period	278,252	(29,184)	302,666	5,666	150,069	707,469

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in US \$000

	Three months ended	
	March 31	
	2011	2010
	(unaudited)	(unaudited)
CASH FLOWS		
Operating activities:		
Cash from income, interest and taxation	9,690	20,037
Net increase in investments and operating assets	(280,629)	(168,667)
Net increase in operating liabilities	192,544	154,413
	(78,395)	5,783
Investing activities	(3,444)	(2,440)
Financing activities	(4)	130
Effects of exchange rate changes	697	(9,795)
Net change in cash and cash equivalents	(81,146)	(6,322)
Cash and cash equivalents, beginning of period	279,068	329,618
Cash and cash equivalents, end of period	197,922	323,296

NOTE TO THE FINANCIAL STATEMENTS

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, 2010 audited financial statements. The 2010 results have been restated to reflect the change in accounting identified in note 2.1(d) of the 2010 audited financial statements in respect of movements in actuarial liabilities.