

**CHAIRMAN'S REVIEW**

During the first quarter of 2012, Sagicor recorded net income of US \$16.6 million compared to a loss of US\$11.1 million, for the same period last year. Net income attributable to shareholders was US \$9.2 million, compared to a loss of US\$18.5 million incurred during the first quarter of 2011. This satisfactory result represents a significant improvement over the equivalent period last year when the Sagicor at Lloyd's operating segment (SAL) incurred a large incidence of insurance claims arising from extraordinary natural catastrophes. SAL achieved net income of US \$1.5 million during this quarter, compared to a loss of US \$32.9 million in the first quarter of 2011.

Earnings per common share for the quarter were US 2.8¢ and the annualised return on shareholders' equity was 6.4%.

In accordance with our strategy to control exposure to property and casualty business written in the Lloyd's market, revenue for the period declined by US \$18.1 million to US \$327.8 million. Also contributing to this trend was a reduction in the level of annuity business written in the USA.

Total benefits incurred in the quarter were US \$190.9 million, and decreased by US \$52.7 million compared to 2011. This decrease is attributable to two main factors: firstly, the extraordinary catastrophe claims included in the 2011 figures, and secondly, the reduction in premium revenue generated in 2012.

Expenses recorded for the quarter were within expectations, totalling US \$114.7 million, an increase of 4.6% over the comparable 2011 figure. As a consequence of the Group's improved profitability, income taxes for the quarter increased to US \$5.6 million.

In the consolidated statement of financial position, total assets grew to US \$5.5 billion from US \$5.1 billion in March 2011. Financial investments continue to be the principal assets and represent 76.2% of total assets. Liabilities increased over the 12 preceding months to US \$4.7 billion from US \$4.4 billion. The major component of this growth is in respect of long-term insurance policy contracts.

As of March 31, 2012, total equity in the consolidated statement of financial position amounted to US \$811.1 million. The shareholders' equity component totalled US \$613.1 million, and book value per common share is computed as US \$1.95. This latter amount represents an increase of US 8¢ over the 12 preceding months, and is in addition to the dividends declared of US 4¢ per common share over the same period.

The Group's results for the first quarter of 2012 have produced a welcome return to profits attributable to shareholders. However, the Group's performance is often impacted by the prevailing economic environment, which continues to show only modest signs of improvement in North America, Europe and the Caribbean. Notwithstanding these challenges in the external environment, the Board and Management of Sagicor remain focussed on effectively managing the Group's affairs and on enhancing shareholder value.



Stephen McNamara  
 Chairman  
 May 9, 2012.

FINANCIAL HIGHLIGHTS		
(in US currency except percentages)	Quarter ended March 31	
	2012	2011
Group net income	\$16.6m	\$(11.1)m
Total Group comprehensive income	\$23.2m	\$(10.6)m
Net income attributable to shareholders	\$9.2m	\$(18.5)m
Total comprehensive income attributable to shareholders	\$15.0m	\$(18.2)m
Earnings per common share	2.8¢	(6.4)¢
Total comprehensive income per common share	4.7¢	(6.3)¢
Annualised income return on shareholders' equity	6.4%	(13.1)%
Annualised comprehensive income return on shareholders' equity	10.4%	(12.9)%
Revenue	\$327.8m	\$345.9m
Total equity	\$811.1m	\$715.9m

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

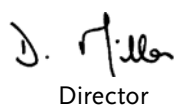
Amounts expressed in US \$000

	March 31 2012 (unaudited)	March 31 2011 (unaudited)	December 31 2011 (audited)
<b>ASSETS</b>			
Financial investments	4,195,510	3,796,928	4,092,166
Other investments and assets	1,310,450	1,344,455	1,271,907
<b>Total assets</b>	<b>5,505,960</b>	<b>5,141,383</b>	<b>5,364,073</b>
<b>LIABILITIES</b>			
Policy liabilities	3,018,326	2,875,589	2,980,716
Other liabilities	1,676,538	1,549,855	1,585,824
<b>Total liabilities</b>	<b>4,694,864</b>	<b>4,425,444</b>	<b>4,566,540</b>
<b>EQUITY</b>			
Shareholders' equity	613,142	541,416	607,135
Participating accounts	1,184	3,533	2,201
Minority interest	196,770	170,990	188,197
<b>Total equity</b>	<b>811,096</b>	<b>715,939</b>	<b>797,533</b>
<b>Total liabilities and equity</b>	<b>5,505,960</b>	<b>5,141,383</b>	<b>5,364,073</b>

These financial statements have been approved for issue by the Board of Directors on May 9, 2012.



Director



Director

**CONSOLIDATED STATEMENT OF INCOME**

Amounts expressed in US \$000

	Three months to March 31	
	2012 (unaudited)	2011 (unaudited)
<b>REVENUE</b>		
Net premium revenue	231,419	252,106
Net investment and other income	96,371	93,752
<b>Total revenue</b>	<b>327,790</b>	<b>345,858</b>
<b>BENEFITS AND EXPENSES</b>		
Benefits	190,905	243,620
Expenses	114,670	109,584
<b>Total benefits and expenses</b>	<b>305,575</b>	<b>353,204</b>
<b>INCOME BEFORE TAXES</b>	22,215	(7,346)
Income taxes	(5,593)	(3,783)
<b>NET INCOME</b>	<b>16,622</b>	<b>(11,129)</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Shareholders	9,195	(18,486)
Participating policyholders	(808)	(761)
Minority interest	8,235	8,118
	<b>16,622</b>	<b>(11,129)</b>
<b>Net income attributed to shareholders - EPS</b>		
Basic earnings per common share	2.8 cents	(6.4) cents
Fully diluted earnings per common share	2.8 cents	(6.4) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts expressed in US \$000

	Three months to March 31	
	2012 (unaudited)	2011 (unaudited)
<b>NET INCOME</b>	<b>16,622</b>	<b>(11,129)</b>
<b>Items net of tax that may be reclassified subsequently to income:</b>		
Available for sale financial assets:		
Unrealised gains / (losses) arising on revaluation	13,074	7,156
(Gains) / losses transferred to income	(3,816)	(8,910)
Net change in actuarial liabilities	(851)	867
Retranslation of foreign currency operations	(1,816)	1,392
<b>OTHER COMPREHENSIVE INCOME</b>	<b>6,591</b>	<b>505</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>23,213</b>	<b>(10,624)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>		
Shareholders	14,953	(18,171)
Participating policyholders	(956)	(753)
Minority interest	9,216	8,300
	<b>23,213</b>	<b>(10,624)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in US \$000  
(unaudited)

	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
<b>Three months to March 31, 2012:</b>						
Balance, beginning of period	296,048	20,865	290,222	2,201	188,197	797,533
Total comprehensive income	-	5,758	9,195	(956)	9,216	23,213
Transactions with holders of equity instruments:						
Changes in reserve for equity compensation benefits	-	912	-	-	39	951
Dividends declared	-	-	(9,919)	-	(690)	(10,609)
Changes in ownership interests	-	-	-	-	8	8
Transfers and other movements	-	(3,135)	3,196	(61)	-	-
Balance, end of period	<b>296,048</b>	<b>24,400</b>	<b>292,694</b>	<b>1,184</b>	<b>196,770</b>	<b>811,096</b>
<b>Three months to March 31, 2011:</b>						
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)
Transactions with holders of equity instruments:						
Changes in reserve for equity compensation benefits	-	840	-	-	-	840
Dividends declared	-	-	(5,765)	-	(6,294)	(12,059)
Transfers and other movements	(1,100)	(7)	67	(61)	42	(1,059)
Balance, end of period	<b>276,072</b>	<b>(13,258)</b>	<b>278,602</b>	<b>3,533</b>	<b>170,990</b>	<b>715,939</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts expressed in US \$000

	Three months to March 31	
	2012 (unaudited)	2011 (unaudited)
<b>CASH FLOWS</b>		
Operating activities:		
Cash from income, interest and taxation	18,007	9,690
Net increase in investments and operating assets	(43,032)	(280,629)
Net change in operating liabilities	(4,707)	192,544
	(29,732)	(78,395)
Investing activities	(3,580)	(3,444)
Financing activities	2	(4)
Effects of exchange rate changes	(77)	697
Net change in cash and cash equivalents	(33,387)	(81,146)
Cash and cash equivalents, beginning of period	264,659	279,068
<b>Cash and cash equivalents, end of period</b>	<b>231,272</b>	<b>197,922</b>

## NOTE TO THE FINANCIAL STATEMENTS

### 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, 2011 audited financial statements.