

CHAIRMAN'S STATEMENT

The Sagicor Group has had a positive start to financial year 2008, recording overall net income of US \$20.0 million for the three-month period ended March 31, 2008. Net income attributable to shareholders totalled US \$13.5 million which represents an increase of 36.4% over the corresponding amount in 2007.

The earnings per share for the period totalled US 4.9 cents per share and the annualised return on shareholders' equity was 11.9%. This trend is consistent with previous years and the performance is ahead of expectations.

Net premium revenue for the quarter totalled US \$138.9 million which represents an increase of US \$42.3 million when compared with the first quarter in 2007. Sagicor at Lloyd's, which was acquired during the third quarter of 2007, contributed US \$29.9 million in net premium revenue for the period, while other operating subsidiaries contributed US \$12.4 million in premium growth, representing for them an increase of 12.8% over 2007.

Net investment and other income for the period was US \$81.4 million, an increase of 17.1% over 2007. Our investment portfolio continues to perform well and our other income, which is earned from financial and insurance services, continues to grow.

Benefits reached US \$118.1 million for the period, an increase of US \$26.6 million when compared with 2007. Sagicor at Lloyd's contributed US \$13.1 million in property and casualty benefits during the period. Expenses also increased over first quarter 2007, a major component being the distribution costs associated with Sagicor at Lloyd's.

During the first quarter, Sagicor acquired the Caribbean insurance portfolio of Industrial Alliance Insurance and Financial Services Inc. This portfolio, which is concentrated in Curaçao and Aruba, has approximately 11,000 life insurance policies, assets of US \$53.6 million and a strong distribution network. In this regard, we are pleased to welcome the Guillen Agency of Curaçao to the Sagicor Group. This agency, which formerly wrote business for Industrial Alliance, has now contracted with Sagicor to continue to service the policyholders in Curaçao and to market Sagicor products in that country.

In addition, during this first quarter, Sagicor acquired a 77% interest in Barbados Farms Limited, a publicly listed company in Barbados, which is engaged in agriculture and property development. The acquisition price was US \$39.7 million and the consideration was made up of a combination of 65% Sagicor shares and 35% cash. As a result, we issued 10,319,819 new Sagicor shares to former shareholders of Barbados Farms and we welcome these

shareholders to Sagicor. The transaction produced a gain on acquisition of US \$5.1 million, based on the estimated fair value of the net assets of the acquired company.

Our subsidiary, Pan Caribbean Financial Services Limited (PCFS) successfully raised Jamaica \$1.26 billion (US \$17.8 million) of five-year, 12.5% cumulative, redeemable preference shares. These funds have been raised by PCFS to capitalize on a favourable taxation position, diversify its capital sources, lengthen its liability profile, and to provide the capacity in its core business lines.

As of March 31, 2008, the Group's total assets stood at US \$3.8 billion and total equity amounted to US \$600.9 million. As a consequence of the PCFS offering, the Group's debt to equity ratio recorded a slight increase to 28.9%.

As we indicated in our annual report for financial year ended December 31, 2007, we expect 2008 to be a challenging year for the financial services industry. Sagicor has made a solid start to 2008 and our performance outlook for the remainder of the year is one of cautious optimism.



Terrence A Martins
Chairman
May 28, 2008

FINANCIAL HIGHLIGHTS	March 31, 2008	March 31, 2007
Group net income	US \$20.0m	US \$16.1m
Net income attributable to shareholders	US \$13.5m	US \$9.9m
Annualised return on shareholders' equity	11.9%	9.5%
Shareholders' equity	US \$463.5m	US \$419.9m
Revenue	US \$225.4m	US \$166.2m

CONSOLIDATED INCOME STATEMENT

Amounts expressed in US \$000
Three months ended
March 31

	2008 (unaudited)	2007 (unaudited)
REVENUE		
Net premium revenue	138,939	96,639
Net investment and other income	81,385	69,511
Gain arising on acquisition	5,104	–
Total revenue	225,428	166,150
BENEFITS AND EXPENSES		
Benefits	118,060	91,462
Expenses	82,988	55,738
Total benefits and expenses	201,048	147,200
INCOME FROM ORDINARY ACTIVITIES		
Income taxes	(4,359)	(2,838)
NET INCOME FOR THE PERIOD	20,021	16,112
NET INCOME ATTRIBUTABLE TO:		
Shareholders	13,499	9,895
Participating policyholders	267	1,344
Minority interest	6,255	4,873
	20,021	16,112
Net income attributed to shareholders - EPS		
Basic earnings per common share	4.9 cents	3.7 cents
Fully diluted earnings per common share	4.9 cents	3.7 cents

CONSOLIDATED BALANCE SHEET

Amounts expressed in US \$000

	March 31 2008 (unaudited)	December 31 2007 (audited)
ASSETS		
Financial investments	2,715,871	2,683,007
Other investments and assets	1,095,283	966,694
Total assets	3,811,154	3,649,701
LIABILITIES		
Policy liabilities	1,990,663	1,920,595
Other liabilities	1,219,613	1,142,399
Total liabilities	3,210,276	3,062,994
EQUITY		
Shareholders' equity	463,548	455,174
Participating accounts	9,587	9,396
Minority interest	127,743	122,137
Total equity	600,878	586,707
Total liabilities and equity	3,811,154	3,649,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts expressed in US \$000

Three months ended March 31, 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
Net losses recognised directly in equity	–	(20,526)	–	(11)	(8,447)	(28,984)
Net income for the period	–	–	13,499	267	6,255	20,021
Total recognised gains / (losses)	–	(20,526)	13,499	256	(2,192)	(8,963)
Issue of shares	25,800	–	–	–	272	26,072
Minority interest acquired	–	–	–	–	13,485	13,485
Dividends declared	–	–	(11,087)	–	(5,869)	(16,956)
Other movements	–	268	420	(65)	(90)	533
	25,800	(20,258)	2,832	191	5,606	14,171
Balance, end of period	257,495	1,477	204,576	9,587	127,743	600,878

Three months ended March 31, 2007 (unaudited)

	Share Capital	Reserves	Retained Earnings	Participating Accounts	Minority Interest	Total
Balance, beginning of period	230,235	48,106	135,509	9,902	118,553	542,305
Net losses recognised directly in equity	–	(4,276)	–	(89)	(1,507)	(5,872)
Net income for the period	–	–	9,895	1,344	4,873	16,112
Total recognised gains / (losses)	–	(4,276)	9,895	1,255	3,366	10,240
Issue of shares	–	–	–	–	1,149	1,149
Other movements	–	1,844	(1,387)	(65)	–	392
	–	(2,432)	8,508	1,190	4,515	11,781
Balance, end of period	230,235	45,674	144,017	11,092	123,068	554,086

CONSOLIDATED CASH FLOW STATEMENT

Amounts expressed in US \$000

Three months ended March 31

	2008 (unaudited)	2007 (unaudited)
CASH FLOWS		
Operating activities	25,449	(37,999)
Investing activities	693	(4,636)
Financing activities	12,160	1,509
Effects of exchange rate changes	(872)	(845)
Net change in cash and cash equivalents	37,430	(41,971)
Cash and cash equivalents, beginning of period	113,492	224,674
Cash and cash equivalents, end of period	150,922	182,703

NOTES 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, 2007 audited financial statements.

2. ACQUISITIONS

2.1 Insurance portfolio

Effective January 18, 2008, the Sagicor Group acquired an insurance portfolio of approximately 11,000 policies which are located primarily in Curacao and Aruba. The carrying value of the assets and liabilities acquired, the purchase consideration and related costs, and the initial goodwill arising are as follows:

	US \$000
Carrying value of assets acquired	53,581
Carrying value of liabilities acquired	(53,581)
Purchase consideration and related costs	3,463
Goodwill arising on acquisition	3,463

The Group is in the process of determining the fair value of the net assets acquired, including intangible assets, and on completion of this exercise, the ultimate goodwill arising will be determined.

2.2 Barbados Farms Limited

In February 2008, the Group completed the acquisition of a 77% interest in Barbados Farms Limited, a publicly listed company in Barbados engaging in the production of sugar cane and vegetable crops.

The estimated fair value of the net assets acquired, the purchase consideration and related costs and the initial gain arising on acquisition are as follows:

	US \$000
Estimated fair value of assets acquired	61,346
Estimated fair value of liabilities acquired	(2,606)
	58,740
Share of estimated fair value of net assets acquired	45,255
Purchase consideration and related costs:	
Issue of common shares	25,800
Cash	14,351
	40,151
Gain arising on acquisition	5,104

The Group has determined the fair value of the net assets acquired on a provisional basis. Final values will be determined during the course of the year after completion of reviews of the real estate and biological assets acquired.