

Guardian Holdings Limited

Consolidated Financial Statements

First Quarter Results to March 31, 2015

Expressed in Trinidad and Tobago Dollars

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

Group profit attributable to equity shareholders for the quarter ended March 31, 2015 totalled \$70 million or \$0.30 per share, a decline of \$16 million or 19%, when compared to the same period last year.

This decrease resulted from two main items:

1. A reduction in our investment income of \$36 million, mainly due to the depreciation of the Euro and Sterling currencies against the Trinidad and Tobago dollar, and
2. An increase in taxation of \$7 million, due to a non-recurring credit booked last year.

Notwithstanding the above, I am pleased to report that our net income from our core insurance underwriting activities grew by a robust 23%, from \$118 million to \$145 million. In addition, operating expenses decreased by \$8 million as a result of our cost reduction initiatives.

Overall, your Board is satisfied with the Group's performance for the Quarter. Guardian Group continues to be the dominant Life and Property & Casualty insurer in the Caribbean marketplace.



Arthur Lok Jack
Chairman GH
May 4, 2015

Forward Looking Statements

This statement may contain certain forward-looking statements, including but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes", or "estimates", the negative of these terms and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3-Months Mar 2015 TT\$'000	Unaudited 3-Months Mar 2014 TT\$'000	Audited 12-Months Dec 2014 TT\$'000
Gross premiums written	1,742,770	1,993,919	5,011,115
Net premiums written	1,072,514	1,169,906	3,482,700
Net income from insurance underwriting activities	144,896	117,951	545,978
Net fair value gains on financial instruments	7,725	13,520	63,268
Net income from other investing activities	186,279	216,829	860,073
Net income from all activities	338,900	348,300	1,469,319
Operating expenses	(217,345)	(224,911)	(905,114)
Finance charges	(34,853)	(32,190)	(130,441)
Operating profit	86,702	91,199	433,764
Share of profit of associated companies	3,159	5,496	21,736
Profit before taxation	89,861	96,695	455,500
Taxation	(20,620)	(13,840)	(90,815)
Profit after taxation	69,241	82,855	364,685
Amount attributable to participating policyholders	(506)	(920)	(2,093)
Profit from continuing operations	68,735	81,935	362,592
Net gain/(loss) on discontinued operations	1,671	(289)	25,653
Profit for the year	70,406	81,646	388,245
(Profit)/loss attributable to non-controlling interests	(177)	4,890	12,271
Profit attributable to equity holders of the parent	70,229	86,536	400,516
Earnings per share			
- Basic	\$0.30	\$0.37	\$1.73
- Basic - for continuing operations	\$0.30	\$0.37	\$1.62

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2015 TT\$'000	Unaudited 3-Months Mar 2014 TT\$'000	Audited 12-Months Dec 2014 TT\$'000
Profit for the year	70,406	81,646	388,245
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations	(58,427)	(34,645)	(215,264)
Gains on property revaluation	-	-	9,321
Actuarial gains on post employment benefits	-	-	53,577
Other reserve movements	108	112	(12,714)
Income tax relating to components of other comprehensive income	-	-	(3,943)
Other comprehensive loss for the year, net of tax	(58,319)	(34,533)	(169,023)
Total comprehensive income for the year, net of tax	12,087	47,113	219,222
Comprehensive (income)/loss attributable to non-controlling interests	(295)	5,613	(17,147)
Comprehensive income attributable to equity holders of the parent	11,792	52,726	202,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Mar 2015 TT\$'000	Audited Dec 2014 TT\$'000
ASSETS		
Property, plant and equipment	554,944	536,670
Investment properties	887,281	904,257
Intangible assets	396,801	399,292
Investment in associated companies	198,347	194,925
Financial assets	12,965,591	12,853,201
Financial assets of mutual fund unit holders	1,065,176	1,080,154
Loans and receivables	1,998,062	1,799,373
Properties for development and sale	157,583	170,887
Pension plan assets	93,167	87,750
Value of inforce life insurance business	1,088,032	1,046,314
Deferred tax assets	20,014	23,633
Reinsurance assets	1,010,719	695,642
Deferred acquisition costs	100,190	87,491
Taxation recoverable	161,940	152,874
Cash and cash equivalents	2,304,796	2,233,973
Cash and cash equivalents of mutual fund unit holders	145,797	105,714
Assets held for sale	160,631	204,776
Total assets	23,309,071	22,576,926
EQUITY AND LIABILITIES		
Share capital	2,038,936	2,038,936
Reserves	(639,571)	(582,155)
Retained earnings	1,452,723	1,476,274
Equity attributable to owners of the parent	2,852,088	2,933,055
Non-controlling interests in subsidiary	23,457	23,163
Total equity	2,875,545	2,956,218
Liabilities		
Insurance contracts	14,230,514	13,510,217
Financial liabilities	2,129,604	2,159,942
Investment contract liabilities	1,628,149	1,622,521
Third party interests in mutual funds	1,008,937	992,350
Pension plan liabilities	100,351	99,711
Post retirement medical benefit obligations	74,254	73,200
Deferred tax liabilities	215,615	215,308
Provision for taxation	52,560	48,900
Other liabilities	847,668	716,393
Liabilities related to assets held for sale	145,874	182,166
Total liabilities	20,433,526	19,620,708
Total equity and liabilities	23,309,071	22,576,926

These financial statements have been approved for issue by the Board of Directors on May 4, 2015 and signed on its behalf:

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Mar 2015 TT\$'000	Unaudited Mar 2014 TT\$'000	Audited Dec 2014 TT\$'000
Balance at beginning of the period	2,956,218	2,896,328	2,896,328
Total comprehensive income	12,087	47,113	219,222
Movement in unallocated shares	-	-	61
Acquisition of non-controlling interest	-	(24,240)	(34,184)
Share option scheme - value of services provided	-	936	936
Dividends	(92,760)	-	(126,145)
Balance at the end of period	2,875,545	2,920,137	2,956,218

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Mar 2015 TT\$'000	Unaudited Mar 2014 TT\$'000	Audited Dec 2014 TT\$'000
Profit before taxation from continuing operations	89,861	96,695	455,500
Profit/(loss) before taxation from discontinued operations	1,671	(289)	25,653
	91,532	96,406	481,153
Adjustment for specific items included on the accruals basis:			
- Finance charges	34,853	32,190	130,441
- Investment income	(184,494)	(193,141)	(771,331)
Interest and dividends received	139,748	142,825	767,709
Adjustments for non-cash items	(59,609)	86,588	81,518
Operating profit before changes in operating assets / liabilities	22,030	164,868	689,490
Net increase in insurance liabilities	721,180	925,988	452,050
Net purchases of financial assets	(56,044)	208,901	(677,238)
Net purchases of/additions to investment properties	(10,488)	(29,340)	(62,341)
Net movement in other operating assets and liabilities	(369,670)	(754,373)	(12,345)
Cash provided by operating activities	307,008	516,044	389,616
Interest paid	(53,323)	(60,287)	(139,888)
Net taxation paid	(22,787)	(31,731)	(133,665)
Net cash provided by operating activities	230,898	424,026	116,063
Net cash used in investing activities	(35,705)	(46,983)	(107,060)
Net cash (used in)/provided by financing activities	(93,994)	(723)	152,869
Net increase in cash and cash equivalents	101,199	376,320	161,872

SEGMENT INFORMATION

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Asset Management TT\$'000	Other including consolidation adjustments TT\$'000	Group TT\$'000
Three months ended 31 March 2015					
Gross premiums written	890,988	851,782	-	-	1,742,770
Net premiums written	857,570	214,944	-	-	1,072,514
Underwriting revenue	832,268	227,760	-	-	1,060,028
Underwriting expenses	(789,747)	(125,385)	-	-	(915,132)
Net fair value gains/(losses) on financial instruments	12,066	(520)	(4,570)	749	7,725
Net income/(loss) from other investing activities	155,056	26,819	20,827	(16,423)	186,279
Net income/(loss) from all activities	209,643	128,674	16,257	(15,674)	338,900
Operating expenses	(121,324)	(75,304)	(8,908)	(11,809)	(217,345)
Finance charges	(614)	(6,832)	(40)	(27,367)	(34,853)
Operating profit/(loss)	87,705	46,538	7,309	(54,850)	86,702
Three months ended 31 March 2014					
Gross premiums written	1,014,271	979,648	-	-	1,993,919
Net premiums written	908,483	261,423	-	-	1,169,906
Underwriting revenue	843,352	251,778	-	-	1,095,130
Underwriting expenses	(835,862)	(141,317)	-	-	(977,179)
Net fair value gains/(losses) on financial instruments	20,218	(430)	(6,081)	(187)	13,520
Net income/(loss) from other investing activities	177,504	37,582	20,818	(19,075)	216,829
Net income/(loss) from all activities	205,212	147,613	14,737	(19,262)	348,300
Operating expenses	(121,548)	(79,767)	(9,190)	(14,406)	(224,911)
Finance charges	(37)	(6,375)	(20)	(25,758)	(32,190)
Operating profit/(loss)	83,627	61,471	5,527	(59,426)	91,199
Total Assets					
31 March 2015	17,595,505	4,488,925	1,559,882	(335,241)	23,309,071
31 December 2014	17,222,054	3,981,361	1,536,757	(163,246)	22,576,926

BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows.

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2014 audited financial statements consistently applied from period to period. Any new Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 3" of the 31 December 2014 audited financial statements, have also remained unchanged.