

## CHAIRMAN'S REPORT

Dear Fellow Shareholders,

Group Profits before taxation totalled \$300.5 million a decline of 4.6% or \$14 million when compared to the same period last year. The reasons for this decline are described in the succeeding paragraphs of this Statement.

Net Income from Insurance Activities grew by \$80 million to \$533 million from \$453 million in 2014, however two factors mentioned in my last quarterly report account for the greater part of this increase. These were the beneficial reserve consequences of a change in the Jamaican tax legislation governing the insurance industry and, partly offsetting this is the change in our reserving methodology for the annuity class of business.

Investment activities generated net income \$527 million as against \$629 million in 2014, a result significantly affected by the fair value losses of \$66 million (2014 gains \$27 million) that were occasioned by extreme market uncertainty during the month of September. It is to be noted however that these investment valuation adjustments have substantially been reversed at the time of writing. Such are the vagaries of quarterly reporting for a long term investor.

Overall, Profit Attributable to Equity Shareholders was \$235 million as compared to \$286 million for 2014. As described above, this has been driven by the swing in fair value gains during one particular quarter. Global political and economic conditions have contributed to a challenging nine months, in particular on the investment front. All business units have continued to demonstrate robust operating performance and I am extremely pleased to inform you that our continuing drive to reduce costs and increase operational efficiency continues to bear fruit as operating expenses declined by \$15 million when compared to the same period of 2014.

As mentioned in my last report, we continue to be actively engaged in our drive to increase the returns of our substantial asset portfolio which will redound to the benefit of our shareholders and policyholders over the medium term.



**Arthur Lok Jack**  
Chairman GHJL  
November 4, 2015

## SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 9-Months Sep 2015 TT\$'000	Unaudited 9-Months Sep 2014 TT\$'000	Unaudited 3-Months Sep 2015 TT\$'000	Unaudited 3-Months Sep 2014 TT\$'000	Audited 12-Months Dec 2014 TT\$'000
Gross premiums written	3,967,234	4,112,915	1,062,240	981,502	5,011,115
Net premiums written	2,675,221	2,731,908	775,650	743,583	3,482,700
Net income from insurance underwriting activities	533,036	453,198	185,974	185,945	545,978
Net fair value (losses)/gains on financial instruments	(66,188)	26,897	(57,449)	(1,944)	63,268
Net income from other investing activities	593,636	602,179	205,991	182,992	860,073
<b>Net income from all activities</b>	1,060,484	1,082,274	334,516	366,993	1,469,319
Operating expenses	(671,293)	(686,721)	(218,721)	(223,627)	(905,114)
Finance charges	(104,390)	(97,593)	(34,821)	(33,184)	(130,441)
<b>Operating profit</b>	284,801	297,960	80,974	110,182	433,764
Share of profit of associated companies	15,718	16,932	8,581	5,630	21,736
<b>Profit before taxation</b>	300,519	314,892	89,555	115,812	455,500
Taxation	(66,839)	(62,669)	(25,194)	(23,799)	(90,815)
<b>Profit after taxation</b>	233,680	252,223	64,361	92,013	364,685
Amount attributable to participating policyholders	369	6,361	1,318	4,515	(2,093)
<b>Profit from continuing operations</b>	234,049	258,584	65,679	96,528	362,592
Net gain on discontinued operations	2,235	15,508	2,144	3,356	25,653
<b>Profit for the period</b>	236,284	274,092	67,823	99,884	388,245
(Profit)/loss attributable to non-controlling interests	(811)	11,942	(445)	3,173	12,271
<b>Profit attributable to equity holders of the parent</b>	235,473	286,034	67,378	103,057	400,516
<b>Earnings per share</b>					
- Basic	\$1.02	\$1.23			\$1.73
- Basic - for continuing operations	\$1.01	\$1.17			\$1.62

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9-Months Sep 2015 TT\$'000	Unaudited 9-Months Sep 2014 TT\$'000	Unaudited 3-Months Sep 2015 TT\$'000	Unaudited 3-Months Sep 2014 TT\$'000	Audited 12-Months Dec 2014 TT\$'000
<b>Profit for the period</b>	236,284	274,092	67,823	99,884	388,245
<b>Other comprehensive income/(loss)</b>					
Exchange differences on translating foreign operations	(105,749)	(159,227)	(29,167)	(65,018)	(215,264)
Gains on property revaluation	-	-	-	-	9,321
Actuarial gains on post employment benefits	-	-	-	-	53,577
Other reserve movements	(2,628)	345	(2,682)	119	(12,714)
Income tax relating to components of other comprehensive income	-	-	-	-	(3,943)
<b>Other comprehensive loss for the period, net of tax</b>	(108,377)	(158,882)	(31,849)	(64,899)	(169,023)
<b>Total comprehensive income for the period, net of tax</b>	127,907	115,210	35,974	34,985	219,222
Comprehensive income attributable to non-controlling interests	(791)	(7,486)	(375)	(12,350)	(17,147)
<b>Comprehensive income attributable to equity holders of the parent</b>	127,116	107,724	35,599	22,635	202,075

## 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 CHANGES IN EQUITY

	Unaudited Sep 2015 TT\$'000	Unaudited Sep 2014 TT\$'000	Audited Dec 2014 TT\$'000
<b>Balance at beginning of the period</b>	2,956,218	2,896,328	2,896,328
Total comprehensive income	127,907	115,210	219,222
Movement in unallocated shares	-	61	61
Acquisition of non-controlling interests	-	(22,129)	(34,184)
Share option scheme - value of services provided	-	936	936
Dividends	(138,565)	(126,154)	(126,145)
<b>Balance at the end of period</b>	2,945,560	2,864,252	2,956,218

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Sep 2015 TT\$'000	Unaudited Sep 2014 TT\$'000	Audited Dec 2014 TT\$'000
Profit before taxation from continuing operations	300,519	314,892	455,500
Profit before taxation from discontinued operations	2,235	15,508	25,653
	302,754	330,400	481,153
Adjustment for specific items included on the accruals basis:			
- Finance charges	104,390	97,593	130,441
- Investment income	(548,993)	(568,082)	(771,331)
Interest and dividends received	512,409	529,097	767,709
Adjustments for non-cash items	100,162	197,463	81,518
Operating profit before changes in operating assets/liabilities	470,722	586,471	689,490
Net increase in insurance liabilities	520,996	627,562	452,050
Net purchases of financial assets	(584,230)	(612,399)	(677,238)
Net purchases of/additions to investment properties	(22,241)	(61,829)	(62,341)
Net movement in other operating assets and liabilities	(322,261)	(379,476)	(12,345)
Cash provided by operating activities	62,986	160,329	389,616
Interest paid	(125,636)	(123,101)	(139,888)
Net taxation paid	(71,880)	(104,013)	(133,665)
Net cash (used in)/provided by operating activities	(134,530)	(66,785)	116,063
Net cash used in investing activities	(92,056)	(97,670)	(107,060)
Net cash (used in)/provided by financing activities	(157,963)	(88,011)	152,869
Net (decrease)/increase in cash and cash equivalents	(384,549)	(252,466)	161,872

**CONSOLIDATED STATEMENT  
OF FINANCIAL POSITION**

	Unaudited Sep 2015 TT\$'000	Audited Dec 2014 TT\$'000
<b>ASSETS</b>		
Property, plant and equipment	551,802	536,670
Investment properties	889,338	904,257
Intangible assets	422,882	399,292
Investment in associated companies	209,692	194,925
Financial assets	13,316,748	12,853,201
Financial assets of mutual fund unit holders	1,064,296	1,080,154
Loans and receivables	2,032,531	1,799,373
Properties for development and sale	178,133	170,887
Pension plan assets	93,797	87,750
Value of inforce life insurance business	1,116,165	1,046,314
Deferred tax assets	22,513	23,633
Reinsurance assets	875,218	695,642
Deferred acquisition costs	93,329	87,491
Taxation recoverable	153,293	152,874
Cash and cash equivalents	1,779,733	2,233,973
Cash and cash equivalents of mutual fund unit holders	172,228	105,714
Assets held for sale	112,023	204,776
<b>Total assets</b>	<b><u>23,083,721</u></b>	<b><u>22,576,926</u></b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	2,038,282	2,038,936
Reserves	(696,708)	(582,155)
Retained earnings	1,581,778	1,476,274
<b>Equity attributable to owners of the parent</b>	<b>2,923,352</b>	<b>2,933,055</b>
Non-controlling interests in subsidiary	22,208	23,163
<b>Total equity</b>	<b><u>2,945,560</u></b>	<b><u>2,956,218</u></b>
<b>Liabilities</b>		
Insurance contracts	14,028,489	13,510,217
Financial liabilities	2,087,044	2,159,942
Investment contract liabilities	1,639,965	1,622,521
Third party interests in mutual funds	1,027,761	992,350
Pension plan liabilities	103,872	99,711
Post retirement medical benefit obligations	75,645	73,200
Deferred tax liabilities	231,615	215,308
Provision for taxation	31,275	48,900
Other liabilities	811,664	716,393
Liabilities related to assets held for sale	100,831	182,166
<b>Total liabilities</b>	<b><u>20,138,161</u></b>	<b><u>19,620,708</u></b>
<b>Total equity and liabilities</b>	<b><u>23,083,721</u></b>	<b><u>22,576,926</u></b>

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

Director:  Director: 

**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
<b>Nine months ended 30 September 2015</b>					
Gross premiums written	2,257,998	1,709,236	-	-	3,967,234
Net premiums written	2,120,538	554,683	-	-	2,675,221
Underwriting revenue	2,208,083	698,664	-	-	2,906,747
Underwriting expenses	(1,977,351)	(396,360)	-	-	(2,373,711)
Net fair value (losses)/gains on financial instruments	(47,580)	(3,780)	(19,405)	4,577	(66,188)
Net income/(loss) from other investing activities	492,122	88,315	63,248	(50,049)	593,636
<b>Net income/(loss) from all activities</b>	<b>675,274</b>	<b>386,839</b>	<b>43,843</b>	<b>(45,472)</b>	<b>1,060,484</b>
Operating expenses	(380,247)	(228,085)	(29,206)	(33,755)	(671,293)
Finance charges	(2,173)	(19,831)	(155)	(82,231)	(104,390)
<b>Operating profit/(loss)</b>	<b><u>292,854</u></b>	<b><u>138,923</u></b>	<b><u>14,482</u></b>	<b><u>(161,458)</u></b>	<b><u>284,801</u></b>
<b>Nine months ended 30 September 2014</b>					
Gross premiums written	2,243,258	1,869,657	-	-	4,112,915
Net premiums written	2,083,811	648,097	-	-	2,731,908
Underwriting revenue	2,097,024	761,406	-	-	2,858,430
Underwriting expenses	(1,983,315)	(421,917)	-	-	(2,405,232)
Net fair value gains/(losses) on financial instruments	35,504	(2,666)	(10,256)	4,315	26,897
Net income/(loss) from other investing activities	505,234	94,786	60,477	(58,318)	602,179
<b>Net income/(loss) from all activities</b>	<b>654,447</b>	<b>431,609</b>	<b>50,221</b>	<b>(54,003)</b>	<b>1,082,274</b>
Operating expenses	(365,715)	(244,261)	(26,987)	(49,758)	(686,721)
Finance charges	(285)	(20,129)	(148)	(77,031)	(97,593)
<b>Operating profit/(loss)</b>	<b><u>288,447</u></b>	<b><u>167,219</u></b>	<b><u>23,086</u></b>	<b><u>(180,792)</u></b>	<b><u>297,960</u></b>
<b>Total Assets</b>					
30 September 2015	17,648,793	4,332,200	1,578,536	(475,808)	23,083,721
31 December 2014	17,222,054	3,981,361	1,536,757	(163,246)	22,576,926

**NOTE 1: 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.