

## CHAIRMAN'S REPORT

### Dear Shareholders,

The Group's performance for the year 2014 resulted in a Net Profit After Tax Attributable to Shareholders of \$400.5 million, an increase of 779% as compared to 2013 when we wrote down our Pointe Simon asset. Consequently, earnings per share for 2014 are \$1.73 as compared to \$0.20 in 2013.

### Pointe Simon

I am pleased to report substantial progress in the commercialisation of Pointe Simon.

We have concluded sales transactions for 35 of the 45 condominium units. This includes the sale of 25 units under a block transaction taking advantage of an incentive available under the French tax regime. We expect to secure outright sales of the remaining units during 2015.

The rental of the office tower is progressing according to our marketing plan. Having closed a number of leases we expect to move towards full occupancy by the end of 2015.

The hotel, which is scheduled to open in the last quarter of 2015, was sold to a Martinique incorporated company known as Sas Compagnie Hoteliere de la Pointe Simon (CHPS) for €21.16 million generating a profit of €1.1 million. The Group provided vendor financing for the sale while retaining a 24% interest. The vendor financing is interest bearing and is fully secured by the hotel. It has already been reduced by €3.5 million and will be reduced by a further €3.8 million before the end of 2015.

It is important to note that Pointe Simon has no third-party debt and all revenue would redound to the Group, positively impacting our bottom line.

### Operating Performance

Following double-digit growth in revenue over both 2012 and 2013, Gross Premium Income grew by a disappointing 2% from \$4.9 billion to \$5.0 billion. This is as a result of a change in our approach to underwriting as we tactically refocused the sales effort within the Life division to traditional protection products and away from investment products. These traditional products have higher profit margins that more than compensate for the reduction in gross premiums. Further, during 2013 we received significant one-off annuity premium income from our Jamaican operations that was not repeated in 2014. In 2015 we expect to return to our normal levels of strong growth.

Notwithstanding that Net Income from Insurance Underwriting Activities fell from \$580.6 million in 2013 to \$546.0 million in 2014, Operating Profits before fair value adjustments on Pointe Simon totalled \$433.8 million, an increase of \$40.6 million or 10% over the 2013 figure of \$393.2 million. The drop in Net Income from Insurance Underwriting Activities is as a result of adverse claims experience in our health and general insurance business as well as actuarial strengthening of reserves in some lines. It should be noted that neither of these factors is structural and we expect that they would have no material impact on performance going forward as they resulted from normal statistical volatility in our business.

Total contribution from Investing Activities was \$923.3 million, an overall increase of \$65.5 million over 2013.

Operating Expenses have reduced from \$917.9 million in 2013 to \$905.1 million in 2014. This is despite an additional \$27 million of expenses in 2014 due to the accounting standards relating to commercialising Pointe Simon. Robust effort is being made to further reduce operating expenses across all areas.

### Summary

Our portfolio of financial service companies diversified across lines of insurance and geographies together with our diversified investment portfolio has withstood operating volatility and provided strong overall performance, generating a Return on Equity of 13.7%.

Confident in the fact that our negative legacy issues which have plagued us over recent years have been resolved, and given our solid business franchises and significant market positions throughout the region, your Board of Directors, after many years of flat dividend payment, has decided to increase the total dividend per share by 9.6% to fifty-seven (57) cents. Consequently, further to the interim dividend of seventeen (17) cents, the final dividend will be forty (40) cents and will be paid to shareholders on record on March 25, 2015 when the Register of Members will be closed for this purpose.

This year has been of special significance to the Group as it sets the tone for a future of solid, increasing performance.

The Directors have also fixed the date of the Annual Meeting for May 11, 2015 at 4:30 p.m. at the Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. The formal Notice of Annual Meeting with the Directors' Report and summary of the audited financial statements for the financial year ended December 31, 2014 will be forwarded to Shareholders in due course.



**Arthur Lok Jack**  
Chairman GH  
March 11, 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.

## REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### To the Shareholders of Guardian Holdings Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2014, and the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Guardian Holdings Limited and its subsidiaries (the "Group") for the year ended December 31, 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 11, 2015.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

### Management's Responsibility for the Summary Financial Statements

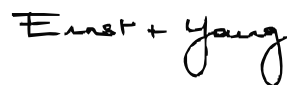
Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis of their established criteria as described in Note 1.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended December 31, 2014 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.



Port of Spain,  
TRINIDAD:  
March 11, 2015

## SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited 12 Months Dec 2014 TT\$'000	Audited 12 Months Dec 2013 TT\$'000
Gross premiums written	5,011,115	4,910,841
Net premiums written	3,482,700	3,434,087
Net income from insurance underwriting activities	545,978	580,573
Realised loss on NDX	-	(30,268)
Net fair value gains/(losses) on financial instruments	63,268	(26,591)
Net income from other investing activities	860,073	914,749
<b>Net income from all activities before fair value adjustment on Pointe Simon</b>	1,469,319	1,438,463
Operating expenses	(905,114)	(917,850)
Finance charges	(130,441)	(127,448)
<b>Operating profit before fair value adjustment on Pointe Simon</b>	433,764	393,165
Fair value adjustment on Pointe Simon	-	(457,092)
Share of profit of associated companies	21,736	28,631
<b>Profit/(loss) before taxation</b>	455,500	(35,296)
Taxation	(90,815)	(101,642)
<b>Profit/(loss) after taxation</b>	364,685	(136,938)
Amount attributable to participating policyholders	(2,093)	(17,118)
<b>Profit/(loss) from continuing operations</b>	362,592	(154,056)
Net gain on discontinued operations	25,653	24,304
<b>Profit/(loss) for the year</b>	388,245	(129,752)
Loss attributable to non-controlling interests	12,271	175,321
<b>Profit attributable to equity holders of the parent</b>	400,516	45,569
<b>Earnings per share</b>		
- Basic	\$1.73	\$0.20
- Basic - for continuing operations	\$1.62	\$0.09

**SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Audited 12 Months Dec 2014 TT\$'000	Audited 12 Months Dec 2013 TT\$'000
<b>Profit/(loss) for the year</b>	<u>388,245</u>	<u>(129,752)</u>
<b>Other comprehensive income/(loss)</b>		
Exchange differences on translating foreign operations	(215,264)	(95,249)
Gains on property revaluation	9,321	35,232
Actuarial gains/(losses) on post employment benefits	53,577	(4,845)
Other reserve movements	(12,714)	2,972
Income tax (charge)/credit relating to components of other comprehensive income	<u>(3,943)</u>	<u>5,995</u>
<b>Other comprehensive loss for the year, net of tax</b>	<u>(169,023)</u>	<u>(55,895)</u>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	219,222	(185,647)
Comprehensive (income)/loss attributable to non-controlling interests	<u>(17,147)</u>	<u>186,398</u>
<b>Comprehensive income attributable to equity holders of the parent</b>	<u>202,075</u>	<u>751</u>

**SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Audited Dec 2014 TT\$'000	Audited Dec 2013 TT\$'000
<b>Balance at beginning of the year</b>	2,896,328	3,198,257
Total comprehensive income/(loss)	219,222	(185,647)
Movement in unallocated shares	61	-
Acquisition of non-controlling interests	(34,184)	-
Share option scheme - value of services provided	936	5,501
Dividends	<u>(126,145)</u>	<u>(121,783)</u>
<b>Balance at end of the year</b>	<u>2,956,218</u>	<u>2,896,328</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Audited Dec 2014 TT\$'000	Audited Dec 2013 TT\$'000
<b>ASSETS</b>		
Property, plant and equipment	536,670	537,030
Investment properties	904,257	803,495
Intangible assets	399,292	396,233
Investment in associated companies	194,925	222,601
Financial assets	12,853,201	12,442,154
Financial assets of mutual fund unit holders	1,080,154	1,110,918
Loans and receivables	1,799,373	1,677,589
Properties for development and sale	170,887	360,321
Pension plan assets	87,750	91,267
Value of inforce life insurance business	1,046,314	924,743
Deferred tax assets	23,633	21,909
Reinsurance assets	695,642	710,674
Deferred acquisition costs	87,491	90,728
Taxation recoverable	152,874	157,815
Cash and cash equivalents	2,233,973	2,031,559
Cash and cash equivalents of mutual fund unit holders	105,714	157,972
Assets held for sale	<u>204,776</u>	<u>320,396</u>
<b>Total assets</b>	<u>22,576,926</u>	<u>22,057,404</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	2,038,936	2,041,882
Reserves	(582,155)	(396,473)
Retained earnings	<u>1,476,274</u>	<u>1,451,103</u>
<b>Equity attributable to owners of the parent</b>	2,933,055	3,096,512
Non-controlling interests in subsidiaries	<u>23,163</u>	<u>(200,184)</u>
<b>Total equity</b>	<u>2,956,218</u>	<u>2,896,328</u>
<b>LIABILITIES</b>		
Insurance contracts	13,510,217	13,081,517
Financial liabilities	2,159,942	1,915,926
Investment contract liabilities	1,622,521	1,579,528
Third party interests in mutual funds	992,350	1,010,021
Pension plan liabilities	99,711	161,517
Post retirement medical benefit obligations	73,200	74,518
Deferred tax liabilities	215,308	229,783
Provision for taxation	48,900	72,232
Other liabilities	716,393	731,514
Liabilities related to assets held for sale	<u>182,166</u>	<u>304,520</u>
<b>Total liabilities</b>	<u>19,620,708</u>	<u>19,161,076</u>
<b>Total equity and liabilities</b>	<u>22,576,926</u>	<u>22,057,404</u>

These financial statements have been approved for issue by the Board of Directors on March 11, 2015 and signed on its behalf:

Director: 

Director: 

**SUMMARY CONSOLIDATED STATEMENT  
OF CASH FLOWS**

	<b>Audited Dec 2014 TT\$'000</b>	<b>Audited Dec 2013 TT\$'000</b>
Profit/(loss) before taxation from continuing operations	455,500	(35,296)
Profit before taxation from discontinued operations	<u>25,653</u>	<u>24,304</u>
	481,153	(10,992)
Adjustment for specific items included on the accruals basis:		
- Finance charges	130,441	127,448
- Investment income	(771,331)	(807,361)
Interest and dividends received	767,709	849,814
Adjustments for non-cash items	<u>81,518</u>	<u>739,274</u>
Operating profit before changes in operating assets / liabilities	689,490	898,183
Net increase in insurance liabilities	452,050	448,019
Net purchases of financial assets	(677,238)	(742,364)
Net purchases of / additions to investment properties	(62,341)	(58,990)
Net movement in other operating assets and liabilities	<u>(12,345)</u>	<u>(99,272)</u>
Cash provided by operating activities	389,616	445,576
Interest paid	(139,888)	(144,720)
Net taxation paid	<u>(133,665)</u>	<u>(111,001)</u>
Net cash provided by operating activities	116,063	189,855
Net cash used in investing activities	(107,060)	(132,350)
Net cash provided by financing activities	<u>152,869</u>	<u>80,189</u>
Net increase in cash and cash equivalents	<u>161,872</u>	<u>137,694</u>

**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 financial statements are derived from the audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries for the year ended 31 December 2014.

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.

**SEGMENT INFORMATION**

	<b>Life, health and pension business TT\$'000</b>	<b>Property and casualty business TT\$'000</b>	<b>Asset Management TT\$'000</b>	<b>Other including consolidation adjustments TT\$'000</b>	<b>Group TT\$'000</b>
<b>Year ended 31 December 2014</b>					
Gross premiums written	<u>2,821,239</u>	<u>2,189,876</u>	-	-	<u>5,011,115</u>
Net premiums written	<u>2,649,048</u>	<u>833,652</u>	-	-	<u>3,482,700</u>
Underwriting revenue	2,825,052	1,016,321	-	-	3,841,373
Underwriting expenses	(2,681,187)	(614,208)	-	-	(3,295,395)
Net fair value gains/(losses) on financial instruments	76,334	(46)	(17,602)	4,582	63,268
Net income/(loss) from other investing activities	733,146	125,987	83,132	(82,192)	860,073
<b>Net income/(loss) from all activities before fair value adjustment on Pointe Simon</b>	953,345	528,054	65,530	(77,610)	1,469,319
Operating expenses	(496,842)	(323,781)	(34,504)	(49,987)	(905,114)
Finance charges	(663)	(27,048)	(259)	(102,471)	(130,441)
<b>Operating profit/(loss) before fair value adjustment on Pointe Simon</b>	<u>455,840</u>	<u>177,225</u>	<u>30,767</u>	<u>(230,068)</u>	<u>433,764</u>
<b>Year ended 31 December 2013</b>					
Gross premiums written	<u>2,794,180</u>	<u>2,116,661</u>	-	-	<u>4,910,841</u>
Net premiums written	<u>2,611,854</u>	<u>822,233</u>	-	-	<u>3,434,087</u>
Underwriting revenue	2,733,015	1,014,824	-	-	3,747,839
Underwriting expenses	(2,554,051)	(613,215)	-	-	(3,167,266)
Realised loss on NDX	(25,291)	(4,977)	-	-	(30,268)
Net fair value gains/(losses) on financial instruments	(22,169)	10,111	(17,768)	3,235	(26,591)
Net income/(loss) from other investing activities	769,748	137,722	95,248	(87,969)	914,749
<b>Net income/(loss) from all activities before fair value adjustment on Pointe Simon</b>	901,252	544,465	77,480	(84,734)	1,438,463
Operating expenses	(501,464)	(333,135)	(36,924)	(46,327)	(917,850)
Finance charges	(1,630)	(26,934)	(99)	(98,785)	(127,448)
<b>Operating profit/(loss) before fair value adjustment on Pointe Simon</b>	<u>398,158</u>	<u>184,396</u>	<u>40,457</u>	<u>(229,846)</u>	<u>393,165</u>
<b>Total Assets</b>					
31 December 2014	17,222,054	3,981,361	1,536,757	(163,246)	22,576,926
31 December 2013	16,606,295	4,279,243	1,610,807	(438,941)	22,057,404