

# CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER RESULTS TO MARCH 31, 2012

EXPRESSED IN TRINIDAD & TOBAGO DOLLARS



## CHAIRMAN'S REPORT

I am very pleased to report that although weak economic conditions continue to prevail over our region, the results of the first quarter of this year have been extremely satisfactory. This is a reflection of the beneficial outcome of the various measures we have adopted to cope with the challenges we have faced in what has been for GHIL and the industry, a difficult period. In the process we have streamlined the operations of our Group and have placed it on a solid, durable, growth foundation, capable of delivering and sustaining excellent returns for our shareholders.

In this quarter, GHIL achieved a profit attributable to its shareholders of \$97 million after tax, an increase of 10% over 2011's first quarter. Our net income from all activities increased by 17% from \$280 million to \$328 million, while our operating profit increased 20% from \$105 million to \$125 million. As a result of these gains, earnings increased from 38 cents per share to 42 cents per share for the quarter.

Our insurance business continued to show very strong gains. The first quarter 2012 results from this activity increased an impressive 80% to \$86 million as compared with \$48 million during the comparable period last year.

Our investment activities also produced good results with net income increasing by 4% over the previous year's period to \$242 million. Significantly, less than 4% of this income came from fair value gains, indicating that the majority of the income was earned from interest income and dividends and symbolising the quality of the earnings we have begun to deliver to our shareholders.

All our operating segments performed well and exceeded their prior year's first quarter results.

In our Life, Health and Pensions segment, gross premiums written, our "top line," increased 5% to \$755 million. Our Trinidad and Tobago new individual life sales had an exceptionally good quarter exceeding their quota for the period. Operating profit in this segment increased 8% from the \$78 million achieved in last year's quarter to \$84 million.

The top line of the Property and Casualty segment dropped 3% arising mainly out of our operations in the Dutch Caribbean and Jamaica, where rates continue to be quite competitive. As is our standard, instead of "chasing" low rated business, we have continued to focus on delivering bottom line profits. As a result, our Property and Casualty segment increased its operating profit by 19% to \$62 million.

The performance of our Asset Management business was quite good despite continuing depressed margins from the prevailing low interest environment. Operating profit from this segment increased by 33% from \$9 million in the previous year to \$12 million.

In the first three months of this year, the value of GHIL's assets increased 3% and now stands at \$22.2 billion while the value of equity attributable to the shareholders has increased \$87 million. All the subsidiary companies of GHIL continue to operate well in excess of the minimum capital requirements.

Your Board and all of the employees of GHIL remain committed to and focused on the objective of maintaining and enhancing shareholder value.

**Arthur Lok Jack**  
Chairman  
May 2, 2012

## CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3-Months Mar 2012 TT\$'000	Unaudited 3-Months Mar 2011 TT\$'000	Audited 12-Months Dec 2011 TT\$'000
Gross premiums written	1,373,982	1,355,850	4,007,139
Net premiums written	934,030	941,171	2,904,132
Net income from insurance underwriting activities	86,094	47,960	360,208
Net income from investing activities	241,667	232,345	1,055,928
<b>Net income from all activities</b>	<b>327,761</b>	<b>280,305</b>	<b>1,416,136</b>
Operating expenses	(176,141)	(150,808)	(729,204)
Finance charges	(26,506)	(24,887)	(110,044)
<b>Operating profit</b>	<b>125,114</b>	<b>104,610</b>	<b>576,888</b>
Share of profit/(loss) of associated companies	3,093	5,975	(25,005)
<b>Profit before taxation</b>	<b>128,207</b>	<b>110,585</b>	<b>551,883</b>
Taxation	(25,566)	(18,453)	(87,148)
<b>Profit after taxation</b>	<b>102,641</b>	<b>92,132</b>	<b>464,735</b>
Amount attributable to participating policyholders	(4,866)	(3,718)	(8,716)
<b>Profit from continuing operations</b>	<b>97,775</b>	<b>88,414</b>	<b>456,019</b>
Net (loss)/gain on discontinued operations	(910)	840	(209,909)
<b>Profit for the period</b>	<b>96,865</b>	<b>89,254</b>	<b>246,110</b>
<b>Profit attributable to:</b>			
- Equity holders of the parent	96,975	87,974	261,103
- Non-controlling interests	(110)	1,280	(14,993)
	<u>96,865</u>	<u>89,254</u>	<u>246,110</u>

### Earnings per share

- Basic - for profit attributable to ordinary equityholders of the parent	\$0.42	\$0.38	\$1.13
- Diluted - for profit attributable to ordinary equityholders of the parent	\$0.40	\$0.37	\$1.10

### Earnings per share for continuing operations

- Basic - for profit attributable to ordinary equityholders of the parent	\$0.42	\$0.38	\$2.04
- Diluted - for profit attributable to ordinary equityholders of the parent	\$0.40	\$0.37	\$1.98

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2012 TT\$'000	Unaudited 3-Months Mar 2011 TT\$'000	Audited 12-Months Dec 2011 TT\$'000
<b>Profit for the period</b>	96,865	89,254	246,110
<b>Other comprehensive (loss)/income</b>			
Exchange differences on translating foreign operations	(9,665)	73,994	(17,036)
Gains on property revaluation	-	-	1,926
Actuarial losses on defined benefit pension plans	-	-	(60,743)
Other reserve movements	37	11,154	934
Income tax relating to components of other comprehensive income	(11)	(747)	(580)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(9,639)</b>	<b>84,401</b>	<b>(75,499)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>87,226</b>	<b>173,655</b>	<b>170,611</b>
<b>Total comprehensive income attributable to:</b>			
- Equityholders of the parent	86,597	167,641	220,797
- Non-controlling interests	629	6,014	(50,186)
	<u>87,226</u>	<u>173,655</u>	<u>170,611</u>

### 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.

# CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

FIRST QUARTER RESULTS TO MARCH 31, 2012

EXPRESSED IN TRINIDAD & TOBAGO DOLLARS



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Mar 2012 TT\$'000	Unaudited Mar 2011 TT\$'000	Audited Dec 2011 TT\$'000
<b>ASSETS</b>			
Property, plant and equipment	487,855	505,904	501,275
Investment properties	1,134,879	961,555	1,120,431
Intangible assets	253,972	253,307	254,278
Investment in associated companies	202,013	285,358	202,010
Financial assets	11,244,754	10,640,752	11,257,043
Financial assets of mutual fund unit holders	1,185,661	1,300,825	1,164,983
Loans and receivables	1,740,103	2,577,991	1,510,752
Lands for development and sale	452,863	351,050	391,048
Pension plan assets	43,129	96,042	45,827
Value of inforce life insurance policies	755,862	687,365	742,043
Deferred tax assets	21,515	23,222	21,490
Reinsurance assets	846,785	831,379	680,273
Segregated fund assets of life insurance policyholders	491,360	472,559	499,502
Deferred acquisition costs	80,394	396,155	72,657
Taxation recoverable	138,130	160,948	138,205
Cash and cash equivalents	1,927,088	2,190,031	1,739,394
Cash and cash equivalents of mutual fund unit holders	143,609	115,543	161,050
Assets held for sale	1,033,937	-	1,000,356
<b>Total assets</b>	<b>22,183,909</b>	<b>21,849,986</b>	<b>21,502,617</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	2,008,998	2,003,474	2,008,338
Reserves	(274,766)	(180,087)	(264,360)
Retained earnings	1,507,627	1,383,499	1,410,625
<b>Equity attributable to owners of the parent</b>	<b>3,241,859</b>	<b>3,206,886</b>	<b>3,154,603</b>
Non-controlling interests in subsidiaries	40,297	97,093	39,668
<b>Total equity</b>	<b>3,282,156</b>	<b>3,303,979</b>	<b>3,194,271</b>
<b>Liabilities</b>			
Insurance contracts	12,158,261	12,966,996	11,610,115
Financial liabilities	3,033,366	2,971,564	2,965,525
Third party interests in mutual funds	1,090,676	1,113,864	1,085,343
Segregated fund liabilities of life insurance policyholders	491,360	472,559	499,502
Post retirement medical benefit obligations	62,273	66,675	60,923
Deferred tax liabilities	200,469	203,067	198,928
Provision for taxation	60,522	81,505	56,463
Other liabilities	770,889	669,777	831,191
Liabilities related to assets held for sale	1,033,937	-	1,000,356
<b>Total liabilities</b>	<b>18,901,753</b>	<b>18,546,007</b>	<b>18,308,346</b>
<b>Total equity and liabilities</b>	<b>22,183,909</b>	<b>21,849,986</b>	<b>21,502,617</b>

These financial statements have been approved for issue by the board of directors on May 2, 2012 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 companies TT\$'000	Consolidation adjustments TT\$'000	Group TT\$'000
<b>Three months ended 31 March 2012</b>						
Gross premiums written	754,626	619,356	-	-	-	1,373,982
Net premiums written	725,984	208,046	-	-	-	934,030
Underwriting revenue	659,335	191,411	-	-	-	850,746
Underwriting expenses	(658,081)	(106,571)	-	-	-	(764,652)
Net income from investing activities	190,789	33,009	19,889	145,969	(147,989)	241,667
<b>Net income from all activities</b>	<b>192,043</b>	<b>117,849</b>	<b>19,889</b>	<b>145,969</b>	<b>(147,989)</b>	<b>327,761</b>
Operating Expenses	(106,680)	(50,968)	(7,602)	(50,282)	39,391	(176,141)
Finance charges	(1,332)	(4,637)	(422)	(36,490)	16,375	(26,506)
<b>Operating profit</b>	<b>84,031</b>	<b>62,244</b>	<b>11,865</b>	<b>59,197</b>	<b>(92,223)</b>	<b>125,114</b>
<b>Three months ended 31 March 2011</b>						
Gross premiums written	715,883	639,967	-	-	-	1,355,850
Net premiums written	693,317	247,854	-	-	-	941,171
Underwriting revenue	605,255	202,862	-	-	-	808,117
Underwriting expenses	(626,385)	(133,772)	-	-	-	(760,157)
Net income from investing activities	191,851	31,778	17,318	82,643	(91,245)	232,345
<b>Net income from all activities</b>	<b>170,721</b>	<b>100,868</b>	<b>17,318</b>	<b>82,643</b>	<b>(91,245)</b>	<b>280,305</b>
Operating Expenses	(91,605)	(44,374)	(7,277)	(44,091)	36,539	(150,808)
Finance charges	(1,090)	(4,399)	(804)	(32,507)	13,913	(24,887)
<b>Operating profit</b>	<b>78,026</b>	<b>52,095</b>	<b>9,237</b>	<b>6,045</b>	<b>(40,793)</b>	<b>104,610</b>
<b>Total Assets</b>						
31 March 2012	15,116,107	4,356,011	1,569,473	1,552,916	(410,601)	22,183,906
31 December 2011	14,740,086	4,149,423	1,583,054	1,419,141	(389,087)	21,502,617
31 March 2011	13,925,297	4,991,562	1,639,424	1,685,149	(391,446)	21,849,986

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Mar 2012 TT\$'000	Unaudited Mar 2011 TT\$'000	Audited Dec 2011 TT\$'000
<b>Balance at beginning of the period</b>	<b>3,194,271</b>	<b>3,130,324</b>	<b>3,130,324</b>
Total comprehensive income	87,226	173,655	170,611
Movement in unallocated shares	-	-	197
Share option scheme - value of services provided	659	-	5,270
Dividends	-	-	(112,131)
<b>Balance at the end of period</b>	<b>3,282,156</b>	<b>3,303,979</b>	<b>3,194,271</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Mar 2012 TT\$'000	Unaudited Mar 2011 TT\$'000	Audited Dec 2011 TT\$'000
Profit before taxation from continuing operations	128,207	110,585	551,883
(Loss)/profit before taxation from discontinued operations	(910)	840	(209,909)
	127,297	111,425	341,974
Adjustment for specific items included on the accruals basis:			
- Interest expense	26,506	24,887	110,044
- Investment income	(208,686)	(210,163)	(857,053)
Interest and dividends received	214,304	238,321	844,228
Adjustments for non-cash items	(26,033)	(89,084)	(142,149)
Operating profit before changes in operating assets/liabilities	133,388	75,386	297,044
Net increase in insurance liabilities	543,225	512,176	155,142
Net proceeds from/(purchases of) financial assets	20,005	567,731	(200,512)
Net purchases of/additions to investment properties	(4,777)	(24,345)	(200,192)
Net movement in other operating assets and liabilities	(503,172)	(685,932)	301,886
Cash provided by operating activities	188,669	445,016	353,368
Interest paid	(52,315)	(2,806)	(108,045)
Net taxation paid	(19,279)	(45,617)	(120,251)
Net cash provided by operating activities	117,075	396,593	125,072
Net cash (used in)/provided by investing activities	(3,363)	25,655	78,072
Net cash provided by/(used in) financing activities	54,382	252,199	95,466
Net increase in cash and cash equivalents	168,094	674,447	298,610

## 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 summary 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 2011 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 2011 audited financial statements, have also remained unchanged.