

CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER RESULTS TO MARCH 31, 2012

EXPRESSED IN UNITED STATES 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 GHL 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, GHL achieved a profit attributable to its shareholders of \$15 million after tax, an increase of 10% over 2011's first quarter. Our net income from all activities increased by 17% from \$44 million to \$51 million, while our operating profit increased 20% from \$16 million to \$20 million. As a result of these gains, earnings increased from 6 cents per share to 7 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 \$13 million as compared with \$7 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 \$38 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 \$118 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 \$12 million achieved in last year's quarter to \$13 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 \$10 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 \$1 million in the previous year to \$2 million.

In the first three months of this year, the value of GHL's assets increased 3% and now stands at \$3.5 billion while the value of equity attributable to the shareholders has increased \$13 million. All the subsidiary companies of GHL continue to operate well in excess of the minimum capital requirements.

Your Board and all of the employees of GHL 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 US\$'000	Unaudited 3-Months Mar 2011 US\$'000	Audited 12-Months Dec 2011 US\$'000
Gross premiums written	214,539	211,708	625,690
Net premiums written	145,843	146,958	453,462
Net income from insurance underwriting activities	13,443	7,490	56,244
Net income from investing activities	37,735	36,279	164,877
Net income from all activities	51,178	43,769	221,121
Operating expenses	(27,503)	(23,548)	(113,861)
Finance charges	(4,139)	(3,886)	(17,183)
Operating profit	19,536	16,335	90,077
Share of profit/(loss) of associated companies	483	933	(3,904)
Profit before taxation	20,019	17,268	86,173
Taxation	(3,992)	(2,881)	(13,608)
Profit after taxation	16,027	14,387	72,565
Amount attributable to participating policyholders	(760)	(581)	(1,361)
Profit from continuing operations	15,267	13,806	71,204
Net (loss)/gain on discontinued operations	(142)	132	(32,776)
Profit for the period	15,125	13,938	38,428
Profit attributable to:			
- Equity holders of the parent	15,142	13,737	40,770
- Non-controlling interests	(17)	201	(2,342)
	<u>15,125</u>	<u>13,938</u>	<u>38,428</u>
Earnings per share			
- Basic - for profit attributable to ordinary equity holders of the parent	\$0.07	\$0.06	\$0.18
- Diluted - for profit attributable to ordinary equity holders of the parent	\$0.06	\$0.06	\$0.17
Earnings per share for continuing operations			
- Basic - for profit attributable to ordinary equity holders of the parent	\$0.07	\$0.06	\$0.32
- Diluted - for profit attributable to ordinary equity holders of the parent	\$0.06	\$0.06	\$0.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2012 US\$'000	Unaudited 3-Months Mar 2011 US\$'000	Audited 12-Months Dec 2011 US\$'000
Profit for the period	15,125	13,938	38,428
Other comprehensive (loss)/income			
Exchange differences on translating foreign operations	(1,509)	11,554	(2,660)
Gains on property revaluation	-	-	301
Actuarial losses on defined benefit pension plans	-	-	(9,485)
Other reserve movements	6	1,742	146
Income tax relating to components of other comprehensive income	(2)	(117)	(91)
Other comprehensive (loss)/income for the period, net of tax	(1,505)	13,179	(11,789)
Total comprehensive income for the period, net of tax	13,620	27,117	26,639
Total comprehensive income attributable to:			
- Equity holders of the parent	13,521	26,176	34,475
- Non-controlling interests	99	941	(7,836)
	<u>13,620</u>	<u>27,117</u>	<u>26,639</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 UNITED STATES DOLLARS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Mar 2012 US\$'000	Unaudited Mar 2011 US\$'000	Audited Dec 2011 US\$'000
ASSETS			
Property, plant and equipment	76,176	78,994	78,271
Investment properties	177,204	150,141	174,948
Intangible assets	39,656	39,552	39,704
Investment in associated companies	31,543	44,557	31,543
Financial assets	1,755,799	1,661,488	1,757,718
Financial assets of mutual fund unit holders	185,134	203,116	181,905
Loans and receivables	271,706	402,537	235,895
Lands for development and sale	70,712	54,814	61,060
Pension plan assets	6,734	14,996	7,156
Value of inforce life insurance policies	118,023	107,328	115,865
Deferred tax assets	3,359	3,626	3,356
Reinsurance assets	132,220	129,815	106,220
Segregated fund assets of life insurance policyholders	76,723	73,787	77,994
Deferred acquisition costs	12,553	61,857	11,345
Taxation recoverable	21,568	25,131	21,580
Cash and cash equivalents	300,903	341,960	271,596
Cash and cash equivalents of mutual fund unit holders	22,424	18,041	25,147
Assets held for sale	161,443	-	156,199
Total assets	3,463,880	3,411,740	3,357,502
EQUITY AND LIABILITIES			
Share capital	313,693	312,830	313,590
Reserves	(42,904)	(28,117)	(41,279)
Retained earnings	235,407	216,025	220,260
Equity attributable to owners of the parent	506,196	500,738	492,571
Non-controlling interests in subsidiaries	6,292	15,160	6,194
Total equity	512,488	515,898	498,765
Liabilities			
Insurance contracts	1,898,438	2,024,717	1,812,848
Financial liabilities	473,642	463,992	463,049
Third party interests in mutual funds	170,302	173,923	169,470
Segregated fund liabilities of life insurance policyholders	76,723	73,787	77,994
Post retirement medical benefit obligations	9,724	10,411	9,513
Deferred tax liabilities	31,302	31,708	31,061
Provision for taxation	9,450	12,727	8,816
Other liabilities	120,368	104,577	129,787
Liabilities related to assets held for sale	161,443	-	156,199
Total liabilities	2,951,392	2,895,842	2,858,737
Total equity and liabilities	3,463,880	3,411,740	3,357,502

These financial statements have been approved for issue by the board of directors on May 2, 2012 and signed on its behalf:

Andrew Director

J. Wood Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Mar 2012 US\$'000	Unaudited Mar 2011 US\$'000	Audited Dec 2011 US\$'000
Balance at beginning of the period	498,765	488,781	488,781
Total comprehensive income	13,620	27,117	26,639
Movement in unallocated shares	-	-	31
Share option scheme - value of services provided	103	-	823
Dividends	-	-	(17,509)
Balance at the end of period	512,488	515,898	498,765

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Mar 2012 US\$'000	Unaudited Mar 2011 US\$'000	Audited Dec 2011 US\$'000
Profit before taxation from continuing operations	20,019	17,268	86,173
(Loss)/profit before taxation from discontinued operations	(142)	132	(32,776)
	19,877	17,400	53,397
Adjustment for specific items included on the accruals basis:			
- Interest expense	4,139	3,886	17,183
- Investment income	(32,585)	(32,816)	(133,824)
Interest and dividends received	33,461	37,210	131,821
Adjustments for non-cash items	(4,065)	(13,910)	(22,196)
Operating profit before changes in operating assets/liabilities	20,827	11,770	46,381
Net increase in insurance liabilities	84,821	79,973	24,224
Net proceeds from/(purchases of) financial assets	3,124	88,648	(31,309)
Net purchases of/additions to investment properties	(746)	(3,801)	(31,259)
Net movement in other operating assets and liabilities	(78,567)	(107,104)	47,138
Cash provided by operating activities	29,459	69,486	55,175
Interest paid	(8,169)	(438)	(16,871)
Net taxation paid	(3,010)	(7,123)	(18,776)
Net cash provided by operating activities	18,280	61,925	19,528
Net cash (used in)/provided by investing activities	(525)	4,006	12,190
Net cash provided by/(used in) financing activities	8,491	39,379	14,906
Net increase in cash and cash equivalents	26,246	105,310	46,624

SEGMENT INFORMATION

	Life, health and pension business US\$'000	Property and casualty business US\$'000	Asset management US\$'000	Other companies US\$'000	Consolidation adjustments US\$'000	Group US\$'000
Three months ended 31 March 2012						
Gross premiums written	117,830	96,709	-	-	-	214,539
Net premiums written	113,358	32,485	-	-	-	145,843
Underwriting revenue	102,951	29,888	-	-	-	132,839
Underwriting expenses	(102,756)	(16,640)	-	-	-	(119,396)
Net income from investing activities	29,791	5,154	3,106	22,792	(23,108)	37,735
Net income from all activities	29,986	18,402	3,106	22,792	(23,108)	51,178
Operating Expenses	(16,658)	(7,958)	(1,187)	(7,851)	6,151	(27,503)
Finance charges	(208)	(724)	(66)	(5,698)	2,557	(4,139)
Operating profit	13,120	9,720	1,853	9,243	(14,400)	19,536
Three months ended 31 March 2011						
Gross premiums written	111,781	99,927	-	-	-	211,708
Net premiums written	108,257	38,701	-	-	-	146,958
Underwriting revenue	94,507	31,676	-	-	-	126,183
Underwriting expenses	(97,805)	(20,888)	-	-	-	(118,693)
Net income from investing activities	29,956	4,962	2,704	12,904	(14,247)	36,279
Net income from all activities	26,658	15,750	2,704	12,904	(14,247)	43,769
Operating Expenses	(14,303)	(6,929)	(1,136)	(6,885)	5,705	(23,548)
Finance charges	(169)	(687)	(126)	(5,076)	2,172	(3,886)
Operating profit	12,186	8,134	1,442	943	(6,370)	16,335
Total Assets						
31 March 2012	2,360,287	680,164	245,064	242,478	(64,113)	3,463,880
31 December 2011	2,301,574	647,907	247,184	221,590	(60,753)	3,357,502
31 March 2011	2,174,348	779,402	255,986	263,126	(61,122)	3,411,740

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.