

## CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to report that your Group has achieved an excellent result for 2017, a year during which two catastrophic hurricanes of unprecedented ferocity struck the Northern Caribbean. After establishing net claims reserves of \$99 million, Group Profit attributable to equity shareholders for the year ended 31 December 2017 amounted to \$407 million, an increase of \$11 million or 3% over 2016.

Despite social and economic uncertainty in Trinidad and Tobago, and only marginally better conditions in many of our other markets, Gross and Net Written Premiums proved resilient. The marginal decline from 2016 in premium income is substantially attributable to a non-recurring single-premium block of business acquired in 2016 by our Life, Health and Pensions (LHP) segment. Excluding this transaction in 2016, Net Written Premiums in both our LHP and Property and Casualty segments increased by approximately 10%.

Net Income from Insurance Underwriting Activities of \$403 million was \$210 million lower than that in 2016 owing to, firstly, the above hurricane-related losses, and secondly, as described in our third quarter's Report, the inclusion of favourable actuarial adjustments in our LHP segment in 2016 following the adoption of the Caribbean Policy Premium Method of determining policyowner reserves. To the extent under our control, vigorous efforts are being taken to improve the technical results of portfolios deemed to have underperformed.

The Group's investment strategies have rewarded us handsomely, with Net Income from Investing Activities, improving \$166 million from \$1,025 million to \$1,191 million.

Despite all the above, your Board must take cognisance of the aforementioned economic conditions, principally in our home country. Prudence dictates that we take a measured view of our future capital needs, especially given our strategic growth plans, and accordingly your Board proposes to maintain the final dividend at 45¢, the same level as 2016. Added to the interim dividend of 22¢, the total dividend per share would have increased by 2% from 66¢ to 67¢ and will be paid to shareholders on record on 21 March 2018 when the register of members will be closed for this purpose.

The Directors have fixed a date of the Annual Meeting of 24 April 2018 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 audited consolidated financial statements for the financial year ended 31 December 2017 will be communicated to shareholders in due course.



**Henry Peter Ganteaume**  
Deputy Chairman, GHL  
8 March 2018

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

### TO THE SHAREHOLDERS OF GUARDIAN HOLDINGS LIMITED

#### Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2017, the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries ("the Group") for the year ended 31 December 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

#### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards ("IFRSs"). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

#### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 8

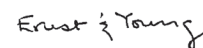
March 2018. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

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

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



Port of Spain,  
TRINIDAD:  
8 March 2018

## SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited 12 months Dec 2017 TT\$'000	Audited 12 months Dec 2016 TT\$'000
Gross written premiums	5,472,644	5,475,136
Net written premiums	<u>3,926,948</u>	<u>4,011,462</u>
Net income from insurance underwriting activities	403,099	612,654
Net income from investing activities	1,190,957	1,024,898
Net income from brokerage activities	15,733	4,050
<b>Net income from all activities</b>	<b>1,609,789</b>	<b>1,641,602</b>
Operating expenses	(979,327)	(994,695)
Finance charges	(128,893)	(129,605)
<b>Operating profit</b>	<b>501,569</b>	<b>517,302</b>
Share of profit of associated companies	18,646	3,285
<b>Profit before taxation</b>	<b>520,215</b>	<b>520,587</b>
Taxation	(109,924)	(130,149)
<b>Profit after taxation</b>	<b>410,291</b>	<b>390,438</b>
Amount attributable to participating policyholders	(1,142)	(15,552)
<b>Profit from continuing operations</b>	<b>409,149</b>	<b>374,886</b>
Net gain from discontinued operations	-	22,771
<b>Profit for the year</b>	<b>409,149</b>	<b>397,657</b>
Profit attributable to non-controlling interests	(2,540)	(1,857)
<b>Profit attributable to equity holders of the parent</b>	<b>406,609</b>	<b>395,800</b>
<b>Earnings per share</b>		
- Basic	\$1.75	\$1.71
- Basic - for continuing operations	\$1.75	\$1.61

## SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 months Dec 2017 TT\$'000	Audited 12 months Dec 2016 TT\$'000
<b>Profit for the year</b>	<b>409,149</b>	<b>397,657</b>
<b>Other comprehensive income/(loss)</b>		
Exchange differences on translating foreign operations	153,041	41,093
(Losses)/gains on property revaluation	(3,073)	30,657
Actuarial (losses)/gains on post-employment benefits	(93,767)	8,609
Other reserve movements	(29,916)	(352)
Income tax relating to components of other comprehensive income	913	(3,948)
<b>Other comprehensive income for the year, net of tax</b>	<b>27,198</b>	<b>76,059</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>436,347</b>	<b>473,716</b>
Comprehensive income attributable to non-controlling interests	(2,224)	(3,143)
<b>Comprehensive income attributable to equity holders of the parent</b>	<b>434,123</b>	<b>470,573</b>

## 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 STATEMENT OF FINANCIAL POSITION**

	Audited Dec 2017 TT\$'000	Audited Dec 2016 TT\$'000
<b>ASSETS</b>		
Property, plant and equipment	602,744	593,434
Investment properties	1,454,364	1,256,946
Intangible assets	528,985	515,163
Investment in associated companies	220,844	211,566
Financial assets	16,640,755	15,391,785
Financial assets of mutual fund unit holders	1,011,404	976,307
Loans and receivables	2,302,980	1,978,073
Properties for development and sale	103,475	168,972
Pension plan assets	82,957	106,140
Deferred tax assets	40,130	24,346
Reinsurance assets	2,211,824	790,796
Deferred acquisition costs	92,615	88,498
Taxation recoverable	163,179	177,151
Cash and cash equivalents	2,059,318	1,744,053
Cash and cash equivalents of mutual fund unit holders	371,062	161,142
Assets held for sale	-	251
<b>Total assets</b>	<u>27,886,636</u>	<u>24,184,623</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	1,993,473	2,032,282
Reserves	(395,592)	(547,186)
Retained earnings	1,701,933	1,556,032
<b>Equity attributable to owners of the parent</b>	<u>3,299,814</u>	<u>3,041,128</u>
Non-controlling interests in subsidiary	23,071	22,467
<b>Total equity</b>	<u>3,322,885</u>	<u>3,063,595</u>
<b>Liabilities</b>		
Insurance contracts	17,132,813	14,663,168
Financial liabilities	2,347,739	2,170,647
Investment contract liabilities	1,989,472	1,811,761
Third party interests in mutual funds	1,177,879	1,082,711
Pension plan liabilities	130,208	68,253
Post-retirement medical benefit obligations	105,804	89,646
Deferred tax liabilities	273,352	246,783
Provision for taxation	58,026	76,841
Reinsurance liabilities	559,314	202,139
Other liabilities	789,144	708,828
Liabilities related to assets held for sale	-	251
<b>Total liabilities</b>	<u>24,563,751</u>	<u>21,121,028</u>
<b>Total equity and liabilities</b>	<u>27,886,636</u>	<u>24,184,623</u>

These consolidated financial statements have been approved for issue by the Board of Directors on 8 March, 2018 and signed on its behalf:

Director:  Director: 

**SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Audited Dec 2017 TT\$'000	Audited Dec 2016 TT\$'000
<b>Balance at beginning of year</b>	3,063,595	2,754,009
Total comprehensive income	436,347	473,716
Other movements	(11,145)	(2,878)
Repurchased vested options	(8,919)	-
Disposal of asset held for sale	-	(13,698)
Dividends	(156,993)	(147,554)
<b>Balance at end of year</b>	<u>3,322,885</u>	<u>3,063,595</u>

**SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS**

	Audited Dec 2017 TT\$'000	Audited Dec 2016 TT\$'000
Profit before taxation from continuing operations	520,215	520,587
Profit before taxation from discontinued operations	-	22,771
	<u>520,215</u>	<u>543,358</u>
Adjustment for specific items included on the accruals basis:		
- Finance charges	128,893	129,605
- Investment income	(890,823)	(829,081)
Interest and dividends received	921,334	829,761
Adjustments for non-cash items	(259,320)	(242,209)
Operating profit before changes in operating assets/liabilities	420,299	431,434
Net increase in insurance liabilities	2,475,337	1,419,659
Net purchases of financial assets	(898,017)	(1,235,407)
Net purchases of/additions to investment properties	(49,886)	(224,259)
Net movement in other operating assets and liabilities	(1,186,056)	(155,308)
Cash provided by operating activities	761,677	236,119
Interest paid	(138,757)	(141,009)
Net taxation paid	(108,775)	(119,164)
Net cash provided by/(used in) operating activities	514,145	(24,054)
Net cash used in investing activities	(77,305)	(66,220)
Net cash provided by/(used in) financing activities	75,321	(119,729)
Net increase/(decrease) in cash and cash equivalents	<u>512,161</u>	<u>(210,003)</u>

**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>Year ended 31 December 2017</b>					
Gross written premiums	3,340,808	2,131,836	-	-	5,472,644
Net written premiums	3,143,597	783,351	-	-	3,926,948
Underwriting revenue	3,187,935	1,004,421	-	-	4,192,356
Underwriting expenses	(3,107,850)	(685,223)	-	3,816	(3,789,257)
Net income/(loss) from investing activities	1,060,740	100,284	101,482	(71,549)	1,190,957
Net income from brokerage activities	-	15,733	-	-	15,733
<b>Net income/(loss) from all activities</b>	<u>1,140,825</u>	<u>435,215</u>	<u>101,482</u>	<u>(67,733)</u>	<u>1,609,789</u>
Operating expenses	(566,716)	(310,908)	(49,120)	(52,583)	(979,327)
Finance charges	(4,583)	(16,904)	(1,268)	(106,138)	(128,893)
<b>Operating profit/(loss)</b>	<u>569,526</u>	<u>107,403</u>	<u>51,094</u>	<u>(226,454)</u>	<u>501,569</u>
<b>Year ended 31 December 2016</b>					
Gross written premiums	3,458,460	2,016,676	-	-	5,475,136
Net written premiums	3,290,416	721,046	-	-	4,011,462
Underwriting revenue	3,325,324	969,474	-	-	4,294,798
Underwriting expenses	(3,073,746)	(614,465)	-	6,067	(3,682,144)
Net income/(loss) from investing activities	933,979	95,937	79,335	(84,353)	1,024,898
Net income from brokerage activities	-	4,050	-	-	4,050
<b>Net income/(loss) from all activities</b>	<u>1,185,557</u>	<u>454,996</u>	<u>79,335</u>	<u>(78,286)</u>	<u>1,641,602</u>
Operating expenses	(546,602)	(287,167)	(41,028)	(119,898)	(994,695)
Finance charges	(4,921)	(21,437)	(397)	(102,850)	(129,605)
<b>Operating profit/(loss)</b>	<u>634,034</u>	<u>146,392</u>	<u>37,910</u>	<u>(301,034)</u>	<u>517,302</u>
<b>Total Assets</b>					
31 December 2017	20,491,615	5,681,356	1,777,624	(63,959)	27,886,636
31 December 2016	18,910,161	4,008,563	1,562,415	(296,516)	24,184,623

**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 2017.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2017 audited consolidated 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 2017 audited consolidated financial statements, have also remained unchanged.