

Guardian Holdings Limited

Consolidated Financial Statements

First Quarter Results to March 31, 2016

Expressed in Trinidad and Tobago Dollars

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The Group's profit before tax for the three month period ended March 31, 2016 totalled \$93 million, a strong improvement of 42% over the comparable 2015 restated result of \$66 million.

Net written premiums showed a modest increase over the corresponding quarter for 2015. This reflects a good sales performance by our life companies as well as increases in sums assured in the P&C companies offset by the effect of persistent 'soft' premium rates in all classes of business. Gross written premiums declined by \$150 million mainly as a result of a diminution in "fronting programmes" for large multinational companies due to a decline in economic activity in Trinidad and Tobago. Moderately elevated claims frequency during the quarter has led to the reduction in net income from insurance companies. This was compensated for by the investment performance reported below.

We have enjoyed a solid quarter on the investment front. Increasing interest rates coupled with currency gains on our US\$ assets have contributed to a substantial increase of \$49 million, 27%, in our Net Income from Investing Activities from \$183 million in Q1 2015 to \$232 million in Q1 2016. We are redeploying our cash, built up over the long period of low interest rates, into higher yielding instruments.

We continue to exercise rigorous control over expenses. I am pleased to note that operating expenses of our core businesses grew by no more than 1% quarter over quarter.

There are now no material operations classified as discontinued. The gain reported in Q1 2015 arose upon the disposal of a modest life portfolio in Belize.

We are satisfied with the performance over the quarter and will continue to aggressively pursue our initiatives to increase the margins on our operations and generate improved investment returns while we judiciously seek out new acquisitions.



Arthur Lok Jack
Chairman GH
April 27, 2016

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 INCOME

	Unaudited 3-Months Mar 2016 TTS'000	Unaudited 3-Months Mar 2015 TTS'000 (Restated)	Audited 12-Months Dec 2015 TTS'000
Gross written premiums	1,593,117	1,742,770	5,151,553
Net written premiums	1,073,828	1,072,514	3,551,716
Net income from insurance underwriting activities	104,665	121,003	662,220
Net income from investing activities	232,167	182,965	788,322
Net income from brokerage activities	4,207	247	7,839
Net income from all activities	341,039	304,215	1,458,381
Operating expenses	(216,457)	(206,553)	(885,977)
Finance charges	(32,774)	(34,853)	(141,094)
Operating profit	91,808	62,809	431,310
Share of profit of associated companies	1,624	3,159	17,381
Profit before taxation	93,432	65,968	448,691
Taxation	(31,459)	(20,620)	(101,899)
Profit after taxation	61,973	45,348	346,792
Amount attributable to participating policyholders	782	(506)	(12,938)
Profit from continuing operations	62,755	44,842	333,854
Net (loss)/gain from discontinued operations	(132)	9,397	2,468
Profit for the period	62,623	54,239	336,322
Profit attributable to non-controlling interests	(199)	(177)	(1,559)
Profit attributable to equity holders of the parent	62,424	54,062	334,763
Earnings per share			
- Basic	\$0.27	\$0.23	\$1.44
- Basic - for continuing operations	\$0.27	\$0.19	\$1.43

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2016 TTS'000	Unaudited 3-Months Mar 2015 TTS'000 (Restated)	Audited 12-Months Dec 2015 TTS'000
Profit for the period	62,623	54,239	336,322
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations	81,358	(58,289)	(74,172)
Gains on property revaluation	-	-	1,578
Actuarial gains on post employment benefits	-	-	19,646
Other reserve movements	69	108	(290)
Income tax relating to components of other comprehensive income	-	-	(1,931)
Other comprehensive income/(loss) for the period, net of tax	81,427	(58,181)	(55,169)
Total comprehensive income/(loss) for the period, net of tax	144,050	(3,942)	281,153
Comprehensive income attributable to non-controlling interests	(846)	(295)	(2,230)
Comprehensive income/(loss) attributable to equity holders of the parent	143,204	(4,237)	278,923

**CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

	Unaudited Mar 2016 TT\$'000	Audited Dec 2015 TT\$'000
ASSETS		
Property, plant and equipment	568,954	563,927
Investment properties	973,844	949,917
Intangible assets	519,085	505,097
Investment in associated companies	215,481	212,125
Financial assets	14,117,738	13,757,214
Financial assets of mutual fund unit holders	958,868	1,046,642
Loans and receivables	2,333,339	1,821,478
Properties for development and sale	197,189	188,973
Pension plan assets	106,693	102,732
Deferred tax assets	17,623	17,313
Reinsurance assets	881,353	702,548
Deferred acquisition costs	102,365	88,240
Taxation recoverable	148,925	152,352
Cash and cash equivalents	2,050,933	1,847,901
Cash and cash equivalents of mutual fund unit holders	326,492	203,157
Assets held for sale	24,140	24,302
Total assets	23,543,022	22,183,918
EQUITY AND LIABILITIES		
Share capital	2,032,653	2,038,280
Reserves	(517,062)	(597,775)
Retained earnings	1,260,625	1,289,905
Equity attributable to owners of the parent	2,776,216	2,730,410
Non-controlling interests in subsidiary	24,445	23,599
Total equity	2,800,661	2,754,009
Liabilities		
Insurance contracts	13,972,438	13,231,768
Financial liabilities	2,095,392	2,154,435
Investment contract liabilities	1,748,155	1,697,594
Third party interests in mutual funds	1,082,061	1,045,130
Pension plan liabilities	87,728	85,825
Post retirement medical benefit obligations	80,802	78,636
Deferred tax liabilities	236,206	231,052
Provision for taxation	33,679	33,644
Other liabilities	1,387,799	853,376
Liabilities related to assets held for sale	18,101	18,449
Total liabilities	20,742,361	19,429,909
Total equity and liabilities	23,543,022	22,183,918

These financial statements have been approved for issue by the Board of Directors on April 27, 2016 and signed on its behalf:

Director:  Director: 

**SUMMARY CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY**

	Unaudited Mar 2016 TT\$'000	Unaudited Mar 2015 TT\$'000 (Restated)	Audited Dec 2015 TT\$'000
Balance at beginning of the period	2,754,009	2,611,471	2,611,471
Total comprehensive income/(loss)	144,050	(3,942)	281,153
Dividends	(97,398)	(92,760)	(138,615)
Balance at the end of period	2,800,661	2,514,769	2,754,009

**SUMMARY CONSOLIDATED STATEMENT
OF CASH FLOWS**

	Unaudited Mar 2016 TT\$'000	Unaudited Mar 2015 TT\$'000 (Restated)	Audited Dec 2015 TT\$'000
Profit before taxation from continuing operations	93,432	65,968	448,691
(Loss)/profit before taxation from discontinued operations	(132)	9,397	2,468
	93,300	75,365	451,159
Adjustment for specific items included on the accruals basis:			
- Finance charges	32,774	34,853	141,094
- Investment income	(192,867)	(184,494)	(771,504)
Interest and dividends received	156,827	139,748	749,295
Adjustments for non-cash items	(133,916)	(25,691)	119,256
Operating (loss)/profit before changes in operating assets/liabilities	(43,882)	39,781	689,300
Net increase in insurance liabilities	740,891	703,429	442,332
Net purchases of financial assets	(146,145)	(56,044)	(942,768)
Net purchases of/additions to investment properties	(5,643)	(10,488)	(33,943)
Net movement in other operating assets and liabilities	(54,544)	(369,670)	32,705
Cash provided by operating activities	490,677	307,008	187,626
Interest paid	(52,972)	(53,323)	(161,488)
Net taxation paid	(4,802)	(22,787)	(94,446)
Net cash provided by/(used in) operating activities	432,903	230,898	(68,308)
Net cash used in investing activities	(21,388)	(35,705)	(181,900)
Net cash used in financing activities	(116,858)	(93,994)	(61,636)
Net increase/(decrease) in cash and cash equivalents	294,657	101,199	(311,844)

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
Three months ended 31 March 2016					
Gross written premiums	889,015	704,102	-	-	1,593,117
Net written premiums	854,291	219,537	-	-	1,073,828
Underwriting revenue	794,027	235,056	-	-	1,029,083
Underwriting expenses	(790,269)	(134,793)	-	644	(924,418)
Net income/(loss) from investing activities	218,702	28,429	17,562	(32,526)	232,167
Net income from brokerage activities	-	4,207	-	-	4,207
Net income/(loss) from all activities	222,460	132,899	17,562	(31,882)	341,039
Operating expenses	(120,956)	(68,718)	(8,431)	(18,352)	(216,457)
Finance charges	(978)	(5,471)	(64)	(26,261)	(32,774)
Operating profit/(loss)	100,526	58,710	9,067	(76,495)	91,808
Three months ended 31 March 2015					
Gross written premiums	890,988	851,782	-	-	1,742,770
Net written premiums	857,570	214,944	-	-	1,072,514
Underwriting revenue	790,624	227,760	-	-	1,018,384
Underwriting expenses	(771,996)	(125,385)	-	-	(897,381)
Net income/(loss) from investing activities	167,122	15,260	16,257	(15,674)	182,965
Net income from brokerage activities	-	247	-	-	247
Net income/(loss) from all activities	185,750	117,882	16,257	(15,674)	304,215
Operating expenses	(121,324)	(64,512)	(8,908)	(11,809)	(206,553)
Finance charges	(614)	(6,832)	(40)	(27,367)	(34,853)
Operating profit/(loss)	63,812	46,538	7,309	(54,850)	62,809
Total Assets					
31 March 2016	17,493,538	4,899,137	1,657,008	(506,661)	23,543,022
31 December 2015	16,960,884	4,072,071	1,607,514	(456,551)	22,183,918

**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 2015 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 2015 audited financial statements, have also remained unchanged.