

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

I am pleased to report that the Group has produced another quarter of consistent and strong financial results. Profits for the nine months to September 2014 attributable to equity shareholders of Guardian Holdings Limited totaled \$286 million, an increase of \$88 million or 45% over the comparable period last year. This results in a nine-month Earnings Per Share (EPS) of \$1.23 for the current period as compared to \$0.85 for the same period last year.

It should be noted that in 2013 there was an extra-ordinary loss of \$31 million which resulted from the Government of Jamaica restructuring their debt (NDX). Had we not incurred this loss last year, the increase of profits year-on-year would be \$58 million or 25%.

Insurance Activities

Our insurance business' top line grew by 7% from \$3.9 billion to \$4.1 billion. Life, Health & Pensions (LHP) segment grew \$122 million or 6% over the previous period, whilst the Property & Casualty (P&C) segment increased by \$132 million or 8%. The insurance underwriting activities of both segments above produced profits of \$453 million, an increase of \$60 million or 15% over the previous period.

Investing Activities

The persistent low interest rates regime coupled with the lack of new investment opportunities continue to be a challenge and as a result, our investment income fell from \$666 million to \$602 million, a decline of \$63 million. This decline was offset by a favourable movement in Fair Value gains of \$100 million inclusive of the Jamaican NDX.

Operating Expenses

Operating Expenses increased by \$34 million or 5%, of which \$19 million is related to the Pointe Simon project. As explained last quarter, in 2013 Pointe Simon expenses were capitalised as the project was in the construction stage. From 2014, in keeping with IFRS, we have booked these expenses through the income statement since the project has entered the commercialisation phase. Without this change in treatment, our operating expenses would have increased 3% year on year.

Pointe Simon

You will recall that in my last Chairman's Statement (half-year), I made mention of a comprehensive marketing plan to commercialise the various elements of the Pointe Simon project. I am pleased to report that to date, we have made excellent progress in all sectors. We expect to conclude transactions for the disposal of the majority of our condominiums by year-end. Demand continues to be good for retail space at Pointe Simon and we have begun the process of signing leases for this space. The sale of the hotel will be concluded by year-end and we look forward to its opening in the latter half of next year. We continue to close a number of small leases in our office tower and are in the process of negotiating two large leases.

Overall, your Board is very satisfied with the Group's strong performance for the nine months and look forward to this continued momentum into the year-end.



Arthur Lok Jack
Chairman GHL

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 9-Months Sep 2014 TT\$'000	Unaudited 9-Months Sep 2013 TT\$'000	Unaudited 3-Months Sep 2014 TT\$'000	Unaudited 3-Months Sep 2013 TT\$'000	Audited 12-Months Dec 2013 TT\$'000
Gross premiums written	4,112,915	3,858,419	981,502	1,081,238	4,910,841
Net premiums written	2,731,908	2,622,721	743,583	802,788	3,434,087
Net income from insurance underwriting activities	453,198	393,607	185,945	144,016	579,380
Realised loss on NDX	-	(30,566)	-	414	(30,268)
Net fair value gains/(losses) on financial instruments	26,897	(42,467)	(1,944)	5,214	(26,591)
Net income from other investing activities	602,179	665,562	182,992	204,570	914,749
Net income from all activities before fair value adjustment on Pointe Simon	1,082,274	986,136	366,993	354,214	1,437,270
Operating expenses	(686,721)	(652,312)	(223,627)	(226,082)	(916,657)
Finance charges	(97,593)	(96,488)	(33,184)	(33,001)	(127,448)
Operating profit before fair value adjustment on Pointe Simon	297,960	237,336	110,182	95,131	393,165
Fair value adjustment on Pointe Simon	-	-	-	-	(457,092)
Share of profit of associated companies	16,932	26,109	5,630	17,041	28,631
Profit/(loss) before taxation	314,892	263,445	115,812	112,172	(35,296)
Taxation	(62,669)	(64,533)	(23,799)	(26,516)	(101,642)
Profit/(loss) after taxation	252,223	198,912	92,013	85,656	(136,938)
Amount attributable to participating policyholders	6,361	(5,823)	4,515	(1,085)	(17,118)
Profit/(loss) from continuing operations	258,584	193,089	96,528	84,571	(154,056)
Net gain on discontinued operations	15,508	4,116	3,356	6,566	24,304
Profit/(loss) for the period	274,092	197,205	99,884	91,137	(129,752)
Loss attributable to non-controlling interests	11,942	519	3,173	239	175,321
Profit attributable to equity holders of the parent	286,034	197,724	103,057	91,376	45,569
Earnings per share					
- Basic - for profit attributable to ordinary equity holders of the parent	\$1.23	\$0.85			\$0.20
- Diluted - for profit attributable to ordinary equity holders of the parent	\$1.14	\$0.79			\$0.18
Earnings per share for continuing operations					
- Basic - for profit attributable to ordinary equity holders of the parent	\$1.17	\$0.83			\$0.09
- Diluted - for profit attributable to ordinary equity holders of the parent	\$1.08	\$0.77			\$0.08

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 9-Months Sep 2014 TT\$'000	Unaudited 9-Months Sep 2013 TT\$'000	Unaudited 3-Months Sep 2014 TT\$'000	Unaudited 3-Months Sep 2013 TT\$'000	Audited 12-Months Dec 2013 TT\$'000
Profit/(loss) for the period	274,092	197,205	99,884	91,137	(129,752)
Other comprehensive (loss)/income					
Exchange differences on translating foreign operations	(159,227)	(66,836)	(65,018)	29,842	(95,249)
Gains on property revaluation	-	6,081	-	5,987	35,232
Actuarial losses on post employment benefits	-	(2,616)	-	(874)	(4,845)
Other reserve movements	345	271	119	(456)	2,972
Income tax relating to components of other comprehensive income	-	-	-	-	5,995
Other comprehensive (loss)/income for the period, net of tax	(158,882)	(63,100)	(64,899)	34,499	(55,895)
Total comprehensive income/(loss) for the period, net of tax	115,210	134,105	34,985	125,636	(185,647)
Comprehensive (income)/loss attributable to non-controlling interests	(7,486)	3,902	(12,350)	3,084	186,398
Comprehensive income attributable to equity holders of the parent	107,724	138,007	22,635	128,720	751

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

	Unaudited Sep 2014 TT\$'000	Audited Dec 2013 TT\$'000
ASSETS		
Property, plant and equipment	529,279	520,232
Investment properties	819,118	803,495
Intangible assets	402,038	396,233
Investment in associated companies	229,985	222,601
Financial assets	12,823,845	12,389,949
Financial assets of mutual fund unit holders	1,124,656	1,110,918
Loans and receivables	1,982,207	1,746,592
Properties for development and sale	344,688	360,321
Pension plan assets	95,379	91,267
Value of inforce life insurance business	943,366	924,743
Deferred tax assets	24,706	21,909
Reinsurance assets	951,406	710,674
Deferred acquisition costs	91,545	90,728
Taxation recoverable	156,962	157,815
Cash and cash equivalents	1,783,293	2,031,559
Cash and cash equivalents of mutual fund unit holders	110,364	157,972
Assets held for sale	225,734	320,396
Total assets	22,638,571	22,057,404
EQUITY AND LIABILITIES		
Share capital	2,042,879	2,041,882
Reserves	(568,563)	(396,473)
Retained earnings	1,508,271	1,451,103
Equity attributable to owners of the parent	2,982,587	3,096,512
Non-controlling interests in subsidiaries	(118,335)	(200,184)
Total equity	2,864,252	2,896,328
Liabilities		
Insurance contracts	13,703,902	13,081,517
Financial liabilities	1,892,912	1,915,926
Investment contract liabilities	1,619,615	1,579,528
Third party interests in mutual funds	1,036,618	1,010,021
Pension plan liabilities	160,910	161,517
Post retirement medical benefit obligations	77,211	74,518
Deferred tax liabilities	210,893	229,783
Provision for taxation	55,979	72,232
Other liabilities	806,252	731,514
Liabilities related to assets held for sale	210,027	304,520
Total liabilities	19,774,319	19,161,076
Total equity and liabilities	22,638,571	22,057,404

These financial statements have been approved for issue by the Board of Directors on October 29th, 2014 and signed on its behalf:

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Sep 2014 TT\$'000	Unaudited Sep 2013 TT\$'000	Audited Dec 2013 TT\$'000
Balance at beginning of the period	2,896,328	3,198,257	3,198,257
Total comprehensive income/(loss)	115,210	134,105	(185,647)
Movement in unallocated shares	61	-	-
Acquisition of non-controlling interest	(22,129)	-	-
Share option scheme - value of services provided	936	4,565	5,501
Dividends	(126,154)	(121,793)	(121,783)
Balance at the end of period	2,864,252	3,215,134	2,896,328

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Sep 2014 TT\$'000	Unaudited Sep 2013 TT\$'000	Audited Dec 2013 TT\$'000
Profit/(loss) before taxation from continuing operations	314,892	263,445	(35,296)
Profit before taxation from discontinued operations	15,508	4,116	24,304
	330,400	267,561	(10,992)
Adjustment for specific items included on the accruals basis:			
- Interest expense	97,593	96,488	127,448
- Investment income	(568,082)	(608,461)	(807,361)
Interest and dividends received	529,097	603,259	849,814
Adjustments for non-cash items	197,463	298,461	739,274
Operating profit before changes in operating assets/liabilities	586,471	657,308	898,183
Net increase in insurance liabilities	627,562	630,089	448,019
Net purchases of financial assets	(612,399)	(285,573)	(701,707)
Net purchases of/additions to investment properties	(61,829)	(36,118)	(58,990)
Net movement in other operating assets and liabilities	(379,476)	(416,738)	(150,357)
Cash provided by operating activities	160,329	548,968	435,148
Interest paid	(123,101)	(130,012)	(144,720)
Net taxation paid	(104,013)	(82,140)	(111,001)
Net cash (used in)/provided by operating activities	(66,785)	336,816	179,427
Net cash used in investing activities	(97,670)	(107,719)	(121,922)
Net cash (used in)/provided by financing activities	(88,011)	(121,331)	80,189
Net (decrease) / increase in cash and cash equivalents	(252,466)	107,766	137,694

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
Nine months ended 30 September 2014					
Gross premiums written	2,243,258	1,869,657	-	-	4,112,915
Net premiums written	2,083,811	648,097	-	-	2,731,908
Underwriting revenue	2,097,024	761,406	-	-	2,858,430
Underwriting expenses	(1,983,315)	(421,917)	-	-	(2,405,232)
Net fair value gains/(losses) on financial instruments	35,504	(2,666)	(10,256)	4,315	26,897
Net income/(loss) from other investing activities	498,206	94,786	60,477	(51,290)	602,179
Net income/(loss) from all activities before fair value adjustment on Pointe Simon	647,419	431,609	50,221	(46,975)	1,082,274
Operating expenses	(365,715)	(244,261)	(26,987)	(49,758)	(686,721)
Finance charges	(285)	(20,129)	(148)	(77,031)	(97,593)
Operating profit/(loss) before fair value adjustment on Pointe Simon	281,419	167,219	23,086	(173,764)	297,960
Nine months ended 30 September 2013					
Gross premiums written	2,120,848	1,737,571	-	-	3,858,419
Net premiums written	1,981,044	641,677	-	-	2,622,721
Underwriting revenue	2,026,673	749,812	-	-	2,776,485
Underwriting expenses	(1,931,767)	(451,111)	-	-	(2,382,878)
Realised loss on NDX	(25,517)	(5,049)	-	-	(30,566)
Net fair value gains/(losses) on financial instruments	(40,143)	11,508	(19,428)	5,596	(42,467)
Net income/(loss) from other investing activities	537,841	97,125	77,430	(46,834)	665,562
Net income/(loss) from all activities before fair value adjustment on Pointe Simon	567,087	402,285	58,002	(41,238)	986,136
Operating expenses	(351,923)	(238,102)	(29,123)	(33,164)	(652,312)
Finance charges	(1,551)	(20,358)	(80)	(74,499)	(96,488)
Operating profit/(loss) before fair value adjustment on Pointe Simon	213,613	143,825	28,799	(148,901)	237,336
Total assets					
30 September 2014	17,276,798	4,436,249	1,603,182	(677,658)	22,638,571
31 December 2013	16,606,295	4,279,243	1,610,807	(438,941)	22,057,404

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 2013 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 2013 audited financial statements, have also remained unchanged.