

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

I am pleased to report that the Group's performance for the half year ended June 30, 2014 resulted in net profit after tax attributable to shareholders of \$183 million, an increase of 72% when compared to 2013 of \$106 million, reflecting an EPS of \$0.79 (2013: \$0.46). It must be noted, however, that factoring out the exceptional NDX loss last year, the increase in profits was \$46 million or 33%.

Our insurance businesses continue to produce excellent results with top line growth of 13% from \$2.8 billion to \$3.1 billion. Life, Health & Pensions grew \$178 million or 12% over the previous period, whilst the Property & Casualty segment increased by \$176 million or 14%. The overall net income from insurance underwriting activities increased \$18 million or 7% over the previous year. The Asset Management segment produced operating profits of \$16 million, an 8% increase over the last year.

In keeping with our strategy of making small bolt-on acquisitions, we acquired Kruit, a brokerage operation in the Netherlands for €2 million. The acquisition is being integrated into our existing broker, Thoma, which was acquired in 2012.

Our Investing Activities produced \$448 million, a 17% increase compared to last year, as Net Fair Value Gains / (Losses) moved favorably from a loss of \$48 million last year to a gain of \$29 million in 2014. We continue to be challenged by low interest rates, as well as a dearth of new investment opportunities, which even when available, produce lower returns than in the past.

Operating Expenses increased by \$37 million or 9%, of which \$11 million is related to the Pointe Simon project. Last year, Pointe Simon expenses were capitalized as the project was in the construction stage. From 2014, in keeping with IFRS, we have changed the accounting treatment to book these expenses through the income statement since the project has entered the commercialization phase. Without this change in treatment, our operating expenses would have increased 5%. We continue to make steady progress in commercializing Pointe Simon. A comprehensive marketing plan is in effect for all of the condominiums, whilst a number of leases for office space have been closed and we are in advanced discussions for closing a number of others.

We are pleased to report that A.M. Best, the internationally recognized leader in providing credit rating for insurance companies, reaffirmed their A- (excellent) rating of both Guardian Life of the Caribbean Limited and Guardian General Insurance Limited, while maintaining their stable outlook.

Overall, your Board is very satisfied with the Group's half-year performance and remains positive about the outlook for the rest of the financial year. Your Directors have therefore recommended an interim dividend of \$0.17 per common share (2013: \$0.15), an increase of 13%.



Arthur Lok Jack
Chairman GHL

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 6-Months Jun 2014 TT\$'000	Unaudited 6-Months Jun 2013 TT\$'000	Unaudited 3-Months Jun 2014 TT\$'000	Unaudited 3-Months Jun 2013 TT\$'000	Audited 12-Months Dec 2013 TT\$'000
Gross premiums written	3,131,413	2,777,181	1,137,494	1,058,632	4,910,841
Net premiums written	1,988,325	1,819,933	818,419	757,072	3,434,087
Net income from insurance underwriting activities	267,253	249,591	149,302	118,514	579,380
Realised loss on NDX	-	(30,980)	-	646	(30,268)
Net fair value gains / (losses) on financial instruments	28,841	(47,681)	15,321	(44,029)	(26,591)
Net income from other investing activities	419,187	460,992	202,358	225,316	914,749
Net income from all activities before fair value adjustment on Pointe Simon	715,281	631,922	366,981	300,447	1,437,270
Operating expenses	(463,094)	(426,230)	(238,183)	(213,197)	(916,657)
Finance charges	(64,409)	(63,487)	(32,219)	(32,231)	(127,448)
Operating profit before fair value adjustment on Pointe Simon	187,778	142,205	96,579	55,019	393,165
Fair value adjustment on Pointe Simon	-	-	-	-	(457,092)
Share of profit of associated companies	11,302	9,068	5,806	4,488	28,631
Profit / (loss) before taxation	199,080	151,273	102,385	59,507	(35,296)
Taxation	(38,870)	(38,017)	(25,030)	(19,092)	(101,642)
Profit / (loss) after taxation	160,210	113,256	77,355	40,415	(136,938)
Amount attributable to participating policyholders	1,846	(4,738)	2,766	(2,066)	(17,118)
Profit / (loss) from continuing operations	162,056	108,518	80,121	38,349	(154,056)
Net gain / (loss) on discontinued operations	12,152	(2,450)	12,441	(1,927)	24,304
Profit / (loss) for the period	174,208	106,068	92,562	36,422	(129,752)
Loss attributable to non-controlling interests	8,769	280	3,879	148	175,321
Profit attributable to equity holders of the parent	182,977	106,348	96,441	36,570	45,569
Earnings per share					
- Basic - for profit attributable to ordinary equity holders of the parent	\$0.79	\$0.46			\$0.20
- Diluted - for profit attributable to ordinary equity holders of the parent	\$0.73	\$0.42			\$0.18
Earnings per share for continuing operations					
- Basic - for profit attributable to ordinary equity holders of the parent	\$0.74	\$0.47			\$0.09
- Diluted - for profit attributable to ordinary equity holders of the parent	\$0.68	\$0.43			\$0.08

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6-Months Jun 2014 TT\$'000	Unaudited 6-Months Jun 2013 TT\$'000	Unaudited 3-Months Jun 2014 TT\$'000	Unaudited 3-Months Jun 2013 TT\$'000	Audited 12-Months Dec 2013 TT\$'000
Profit / (loss) for the period	174,208	106,068	92,562	36,422	(129,752)
Other comprehensive income / (loss)					
Exchange differences on translating foreign operations	(94,209)	(96,678)	(59,564)	(2,109)	(95,249)
Gains on property revaluation	-	94	-	94	35,232
Actuarial losses on post employment benefits	-	(1,742)	-	(869)	(4,845)
Other reserve movements	226	727	114	596	2,972
Income tax relating to components of other comprehensive income	-	-	-	-	5,995
Other comprehensive loss for the period, net of tax	(93,983)	(97,599)	(59,450)	(2,288)	(55,895)
Total comprehensive income / (loss) for the period, net of tax	80,225	8,469	33,112	34,134	(185,647)
Comprehensive loss / (income) attributable to non-controlling interests	4,864	818	(749)	2,830	186,398
Comprehensive income attributable to equity holders of the parent	85,089	9,287	32,363	36,964	751

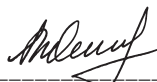

Forward Looking Statements

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 Jun 2014 TT\$'000	Audited Dec 2013 TT\$'000
ASSETS		
Property, plant and equipment	523,898	520,232
Investment properties	822,324	803,495
Intangible assets	411,753	396,233
Investment in associated companies	226,567	222,601
Financial assets	12,684,556	12,389,949
Financial assets of mutual fund unit holders	1,128,824	1,110,918
Loans and receivables	2,157,533	1,746,592
Properties for development and sale	368,003	360,321
Pension plan assets	93,557	91,267
Value of inforce life insurance business	930,707	924,743
Deferred tax assets	24,916	21,909
Reinsurance assets	1,133,937	710,674
Deferred acquisition costs	97,939	90,728
Taxation recoverable	161,627	157,815
Cash and cash equivalents	1,855,285	2,031,559
Cash and cash equivalents of mutual fund unit holders	117,856	157,972
Assets held for sale	277,236	320,396
Total assets	23,016,518	22,057,404
EQUITY AND LIABILITIES		
Share capital	2,042,883	2,041,882
Reserves	(489,114)	(396,473)
Retained earnings	1,438,438	1,451,103
Equity attributable to owners of the parent	2,992,207	3,096,512
Non-controlling interests in subsidiaries	(125,153)	(200,184)
Total equity	2,867,054	2,896,328
Liabilities		
Insurance contracts	13,955,835	13,081,517
Financial liabilities	1,882,048	1,915,926
Investment contract liabilities	1,587,057	1,579,528
Third party interests in mutual funds	1,058,283	1,010,021
Pension plan liabilities	162,316	161,517
Post retirement medical benefit obligations	76,240	74,518
Deferred tax liabilities	210,985	229,783
Provision for taxation	62,088	72,232
Other liabilities	893,211	731,514
Liabilities related to assets held for sale	261,401	304,520
Total liabilities	20,149,464	19,161,076
Total equity and liabilities	23,016,518	22,057,404

These financial statements have been approved for issue by the Board of Directors on August 7, 2014 and signed on its behalf:

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Jun 2014 TT\$'000	Unaudited Jun 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)	80,225	8,469	(185,647)
Movement in unallocated shares	61	-	-
Acquisition of non-controlling interest	(23,758)	-	-
Share option scheme - value of services provided	936	3,043	5,501
Dividends	(86,738)	(87,009)	(121,783)
Balance at the end of period	2,867,054	3,122,760	2,896,328

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Jun 2014 TT\$'000	Unaudited Jun 2013 TT\$'000	Audited Dec 2013 TT\$'000
Profit / (loss) before taxation from continuing operations	199,080	151,273	(35,296)
Profit / (loss) before taxation from discontinued operations	12,152	(2,450)	24,304
	211,232	148,823	(10,992)
Adjustment for specific items included on the accruals basis:			
- Interest expense	64,409	63,487	127,448
- Investment income	(384,315)	(415,239)	(807,361)
Interest and dividends received	351,306	407,820	849,814
Adjustments for non-cash items	178,368	263,625	739,274
Operating profit before changes in operating assets / liabilities	421,000	468,516	898,183
Net increase in insurance liabilities	877,209	659,842	448,019
Net (purchases of) / proceeds from financial assets	(428,720)	20,216	(701,707)
Net purchases of / additions to investment properties	(45,628)	(26,179)	(58,990)
Net movement in other operating assets and liabilities	(712,536)	(414,180)	(150,357)
Cash provided by operating activities	111,325	708,215	435,148
Interest paid	(70,373)	(79,430)	(144,720)
Net taxation paid	(79,080)	(56,879)	(111,001)
Net cash (used in) / provided by operating activities	(38,128)	571,906	179,427
Net cash used in investing activities	(79,811)	(85,990)	(121,922)
Net cash (used in) / provided by financing activities	(61,125)	(42,685)	80,189
Net (decrease) / increase in cash and cash equivalents	(179,064)	443,231	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
Six months ended 30 June 2014					
Gross premiums written	1,667,503	1,463,910	-	-	3,131,413
Net premiums written	1,528,434	459,891	-	-	1,988,325
Underwriting revenue	1,494,150	506,233	-	-	2,000,383
Underwriting expenses	(1,461,584)	(271,546)	-	-	(1,733,130)
Net fair value gains / (losses) on financial instruments	35,634	(1,134)	(5,418)	(241)	28,841
Net income / (loss) from other investing activities	343,832	67,763	38,532	(30,940)	419,187
Net income / (loss) from all activities before fair value adjustment on Pointe Simon	412,032	301,316	33,114	(31,181)	715,281
Operating expenses	(245,571)	(162,338)	(16,815)	(38,370)	(463,094)
Finance charges	(139)	(12,969)	(57)	(51,244)	(64,409)
Operating profit / (loss) before fair value adjustment on Pointe Simon	166,322	126,009	16,242	(120,795)	187,778
Six months ended 30 June 2013					
Gross premiums written	1,489,570	1,287,611	-	-	2,777,181
Net premiums written	1,378,471	441,462	-	-	1,819,933
Underwriting revenue	1,375,891	494,654	-	-	1,870,545
Underwriting expenses	(1,333,715)	(287,239)	-	-	(1,620,954)
Realised loss on NDX	(25,867)	(5,113)	-	-	(30,980)
Net fair value gains / (losses) on financial instruments	(45,244)	10,576	(17,122)	4,109	(47,681)
Net income / (loss) from other investing activities	368,253	70,458	50,827	(28,546)	460,992
Net income / (loss) from all activities before fair value adjustment on Pointe Simon	339,318	283,336	33,705	(24,437)	631,922
Operating expenses	(236,124)	(157,181)	(18,643)	(14,282)	(426,230)
Finance charges	(1,546)	(13,791)	(62)	(48,088)	(63,487)
Operating profit / (loss) before fair value adjustment on Pointe Simon	101,648	112,364	15,000	(86,807)	142,205
Total Assets					
30 June 2014	17,259,551	4,830,562	1,596,421	(670,016)	23,016,518
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.