

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

As stated in my previous Chairman's Statement, having decisively put measures in place to deal with legacy issues in our non-core operations, the Group is able to drive increases in shareholder value through its strong portfolio of Pan-Caribbean non-bank financial companies. In this regard, I am pleased to report that the Group recorded net profit after tax attributable to shareholders of \$87 million in our first quarter for 2014. This represented a strong 24% increase versus the first quarter of 2013 when we reported profits attributable to equity shareholders of \$70 million.

Our pan-Caribbean insurance franchises continue to produce excellent results, with our top-line, Gross Premiums Written increasing 16% from \$1.7 billion to \$2.0 billion. Both of our Life, Health and Pensions (LHP) and our Property and Casualty (P&C) insurance segments contributed to the year-over-year top-line growth. The LHP segment grew \$138 million and the P&C segment grew \$137 million. Net Income from Insurance Underwriting Activities fell slightly compared to last year, largely due to the timing of actuarial reserve adjustments and payments of agents' commissions in the LHP segment. In contrast, underwriting results in our P&C segment increased 25% across all operating companies.

Overall Net Income from Investing Activities improved \$30 million or 15% compared to last year. This is because last year's results were negatively affected by the realised loss of \$32 million on Jamaica's National Debt Exchange and in addition to this, Net Fair Value Gains / (Losses) moved favorably from a small loss last year to a gain of \$14 million in the first quarter of 2014. Excluding these factors, Net Income from Investing Activities fell \$19 million to \$217 million, and while a portion of this decline relates to the timing of certain transactions in each period, the downward trend reflects the challenge facing all insurance companies globally, namely declining investment returns from low interest rates together with the absence of new attractive investments.

Operating Expenses increased by \$12 million or 6% mainly due to the timing of our RSA Antilles acquisition, which was effective from April 1, 2014 and therefore our results for the three months last year did not include any operating expenses of RSA.

The commercialisation of our Pointe Simon project is progressing well and in line with our targets. Recent sales and rentals have demonstrated that the write-down that we incurred in 2013 has put Pointe Simon in a commercially viable state.

Overall your Board is very satisfied with the Group's performance in this quarter. Our insurance companies continue to be well capitalised and the integration of our three acquisitions is nearing completion and on schedule. We are on target to completely terminate all exposure to our only remaining Lloyds Syndicate during 2014 and the reserving continues to be at a level where this termination is likely to generate a surplus. I am satisfied that our dominant market positions will continue to produce reliable and increasing revenues and profits. We are positive about the outlook for the rest of the financial year.



Arthur Lok Jack
Chairman GH

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3-Months Mar 2014 TT\$'000	Unaudited 3-Months Mar 2013 TT\$'000	Audited 12-Months Dec 2013 TT\$'000
Gross premiums written	1,993,919	1,718,549	4,910,841
Net premiums written	1,169,906	1,062,861	3,434,087
Net income from insurance underwriting activities	117,951	131,077	579,380
Realised loss on NDX	-	(31,626)	(30,268)
Net fair value gains/(losses) on financial instruments	13,520	(3,652)	(26,591)
Net income from other investing activities	216,829	235,676	914,749
Net income from all activities before fair value adjustment on Pointe Simon	348,300	331,475	1,437,270
Operating expenses	(224,911)	(213,033)	(916,657)
Finance charges	(32,190)	(31,256)	(127,448)
Operating profit before fair value adjustment on Pointe Simon	91,199	87,186	393,165
Fair value adjustment on Pointe Simon	-	-	(457,092)
Share of profit of associated companies	5,496	4,580	28,631
Profit/(loss) before taxation	96,695	91,766	(35,296)
Taxation	(13,840)	(18,925)	(101,642)
Profit/(loss) after taxation	82,855	72,841	(136,938)
Amount attributable to participating policyholders	(920)	(2,672)	(17,118)
Profit/(loss) from continuing operations	81,935	70,169	(154,056)
Net (loss)/gain on discontinued operations	(289)	(523)	24,304
Profit/(loss) for the period	81,646	69,646	(129,752)
Loss attributable to non-controlling interests	4,890	132	175,321
Profit attributable to equity holders of the parent	86,536	69,778	45,569
Earnings per share			
- Basic - for profit attributable to ordinary equity holders of the parent	\$0.37	\$0.30	\$0.20
- Diluted - for profit attributable to ordinary equity holders of the parent	\$0.35	\$0.28	\$0.18
Earnings per share for continuing operations			
- Basic - for profit attributable to ordinary equity holders of the parent	\$0.37	\$0.30	\$0.09
- Diluted - for profit attributable to ordinary equity holders of the parent	\$0.35	\$0.28	\$0.08

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2014 TT\$'000	Unaudited 3-Months Mar 2013 TT\$'000	Audited 12-Months Dec 2013 TT\$'000
Profit/(loss) for the period	81,646	69,646	(129,752)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations	(34,645)	(94,569)	(95,249)
Gains on property revaluation	-	-	35,232
Actuarial losses on post employment benefits	-	(873)	(4,845)
Other reserve movements	112	131	2,972
Income tax relating to components of other comprehensive income	-	-	5,995
Other comprehensive loss for the period, net of tax	(34,533)	(95,311)	(55,895)
Total comprehensive income/(loss) for the period, net of tax	47,113	(25,665)	(185,647)
Comprehensive loss/(income) attributable to non-controlling interests	5,613	(2,012)	186,398
Comprehensive income/(loss) attributable to equity holders of the parent	52,726	(27,677)	751

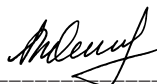
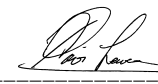
Forward Looking Statements

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 Mar 2014 TT\$'000	Audited Dec 2013 TT\$'000
ASSETS		
Property, plant and equipment	523,526	520,232
Investment properties	822,035	803,495
Intangible assets	395,715	396,233
Investment in associated companies	228,200	222,601
Financial assets	12,157,519	12,389,949
Financial assets of mutual fund unit holders	1,116,242	1,110,918
Loans and receivables	2,158,977	1,746,592
Properties for development and sale	374,014	360,321
Pension plan assets	92,140	91,267
Value of inforce life insurance business	928,092	924,743
Deferred tax assets	22,884	21,909
Reinsurance assets	1,185,969	710,674
Deferred acquisition costs	103,093	90,728
Taxation recoverable	153,737	157,815
Cash and cash equivalents	2,433,215	2,031,559
Cash and cash equivalents of mutual fund unit holders	112,347	157,972
Assets held for sale	323,129	320,396
Total assets	23,130,834	22,057,404
EQUITY AND LIABILITIES		
Share capital	2,042,818	2,041,882
Reserves	(431,743)	(396,473)
Retained earnings	1,432,429	1,451,103
Equity attributable to owners of the parent	3,043,504	3,096,512
Non-controlling interests in subsidiaries	(123,367)	(200,184)
Total equity	2,920,137	2,896,328
Liabilities		
Insurance contracts	14,007,256	13,081,517
Financial liabilities	1,871,004	1,915,926
Investment contract liabilities	1,589,138	1,579,528
Third party interests in mutual funds	1,032,889	1,010,021
Pension plan liabilities	162,000	161,517
Post retirement medical benefit obligations	75,508	74,518
Deferred tax liabilities	217,759	229,783
Provision for taxation	64,578	72,232
Other liabilities	883,562	731,514
Liabilities related to assets held for sale	307,003	304,520
Total liabilities	20,210,697	19,161,076
Total equity and liabilities	23,130,834	22,057,404

These financial statements have been approved for issue by the Board of Directors on April 30, 2014 and signed on its behalf:

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Mar 2014 TT\$'000	Unaudited Mar 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)	47,113	(25,665)	(185,647)
Acquisition of non-controlling interest	(24,240)	-	-
Share option scheme - value of services provided	936	1,522	5,501
Dividends	-	-	(121,783)
Balance at the end of period	2,920,137	3,174,114	2,896,328

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Mar 2014 TT\$'000	Unaudited Mar 2013 TT\$'000	Audited Dec 2013 TT\$'000
Profit/(loss) before taxation from continuing operations	96,695	91,766	(35,296)
(Loss)/profit before taxation from discontinued operations	(289)	(523)	24,304
	96,406	91,243	(10,992)
Adjustment for specific items included on the accruals basis:			
- Interest expense	32,190	31,256	127,448
- Investment income	(193,141)	(212,728)	(807,361)
Interest and dividends received	142,825	222,999	849,814
Adjustments for non-cash items	86,588	159,531	739,274
Operating profit before changes in operating assets/liabilities	164,868	292,301	898,183
Net increase in insurance liabilities	925,988	636,934	448,019
Net proceeds from/(purchases of) financial assets	208,901	256,739	(701,707)
Net purchases of/additions to investment properties	(29,340)	(12,929)	(58,990)
Net movement in other operating assets and liabilities	(754,373)	(531,442)	(150,357)
Cash provided by operating activities	516,044	641,603	435,148
Interest paid	(60,287)	(57,071)	(144,720)
Net taxation paid	(31,731)	(51,352)	(111,001)
Net cash provided by operating activities	424,026	533,180	179,427
Net cash used in investing activities	(46,983)	(4,779)	(121,922)
Net cash (used in)/provided by financing activities	(723)	50,410	80,189
Net increase in cash and cash equivalents	376,320	578,811	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
Three months ended 31 March 2014					
Gross premiums written	1,014,271	979,648	-	-	1,993,919
Net premiums written	908,483	261,423	-	-	1,169,906
Underwriting revenue	843,352	251,778	-	-	1,095,130
Underwriting expenses	(835,862)	(141,317)	-	-	(977,179)
Net fair value gains/(losses) on financial instruments	20,218	(430)	(6,081)	(187)	13,520
Net income/(loss) from other investing activities	177,504	37,582	20,818	(19,075)	216,829
Net income/(loss) from all activities before fair value adjustment on Pointe Simon	205,212	147,613	14,737	(19,262)	348,300
Operating expenses	(121,548)	(79,767)	(9,190)	(14,406)	(224,911)
Finance charges	(37)	(6,375)	(20)	(25,758)	(32,190)
Operating profit/(loss) before fair value adjustment on Pointe Simon	83,627	61,471	5,527	(59,426)	91,199
Three months ended 31 March 2013					
Gross premiums written	876,013	842,536	-	-	1,718,549
Net premiums written	820,074	242,787	-	-	1,062,861
Underwriting revenue	764,925	226,887	-	-	991,812
Underwriting expenses	(722,347)	(138,388)	-	-	(860,735)
Realised loss on NDX	(26,419)	(5,207)	-	-	(31,626)
Net fair value gains/(losses) on financial instruments	857	2,121	(6,740)	110	(3,652)
Net income/(loss) from other investing activities	182,390	43,285	24,179	(14,178)	235,676
Net income/(loss) from all activities before fair value adjustment on Pointe Simon	199,406	128,698	17,439	(14,068)	331,475
Operating expenses	(119,169)	(73,785)	(9,013)	(11,066)	(213,033)
Finance charges	(1,134)	(7,086)	(17)	(23,019)	(31,256)
Operating profit/(loss) before fair value adjustment on Pointe Simon	79,103	47,827	8,409	(48,153)	87,186
Total assets					
31 March 2014	17,138,663	4,941,718	1,593,861	(543,408)	23,130,834
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.