Dear Shareholders,

Adoption of new financial reporting standards

As I explained at our Annual General Meeting held on 24 April 2018, the late publication of the Group’s first quarter’s results is solely and directly the result of the adoption of two new financial reporting standards with effect from 1 January 2018. These are IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. IFRS 15 does not have any material impact on the Group’s financial reporting and did not require retrospective adjustments. In contrast, IFRS 9, which replaces IAS 39 Financial Instruments: Recognition and Measurement, introduces new measurement categories for financial instruments and the concept of expected credit losses on substantially all financial assets. The implementation of IFRS 9 required a considerable amount of investment valuation modelling and material changes to the method in which investment fair value measurements are accounted for. These are highlighted in the accompanying financial statements and notes thereto.

The transition provisions of IFRS 9 do not require comparative figures to be restated, and consequently, the total impact on initial application has been recognized in the opening statement of financial position as at 1 January 2018. I wish to emphasize that because comparatives have not been restated, the Group’s results for the quarters ended 31 March 2018 and 31 March 2017 are not strictly comparable, as the consolidated financial statements for the latter were prepared using IAS 39.

Commentary

Group profit attributable to equity shareholders for the three months ended 31 March 2018 amounted to $72 million, a decline of $18 million or 20% when compared to the corresponding period last year ($90 million). This disappointing result was due principally to Net fair value losses of $37 million recognized in the current period, as opposed to gains of $63 million recorded in the prior period, an overall swing of $100 million. These movements substantially arose from our equity portfolios and reflect intrinsic volatility in equity markets. The Group is not distracted by short-term movements in equity prices, as we remain confident that superior long-term returns will be derived from this investment class.

The Group’s Net income from insurance underwriting activities increased by $80 million or 78% to $183 million, as our organic growth initiatives continued to be successful with Gross and Net written premiums increasing year-over-year by $275 million (17%) and $165 million (15%) respectively.

Net income from investing activities declined by $90 million, from $279 million to $189 million, or 33% to $183 million, as our organic growth initiatives continued to be successful with Gross and Net written premiums increasing year-over-year by $275 million (17%) and $165 million (15%) respectively.

Net written premiums 1,238,207 1,073,595 3,926,948
Net income from insurance underwriting activities 182,738 102,898 403,099

Henry Peter Ganteaume
Deputy Chairman, GHL
28 May 2018.
Guardian Holdings Limited
Consolidated Financial Statements
First Quarter Results to 31 March, 2018

Expressed in Trinidad and Tobago Dollars

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited Audited
Mar 2018 TTS'000 Dec 2017 TTS'000

ASSETS

Property, plant and equipment 598,215 602,744
Investment properties 1,474,855 1,454,364
Intangible assets 528,237 528,985
Investment in associated companies 223,119 220,844
Investment securities 16,925,579 16,640,755
Investment expenses of mutual fund unit holders 1,223,746 1,011,404
Loans and receivables 2,249,455 2,302,980
Properties for development and sale 107,231 103,475
Pension plan assets 83,776 82,957
Deferred tax assets 51,281 40,130
Reinsurance assets 2,056,382 2,211,824
Deferred acquisition costs 116,065 92,615
Taxation recoverable 146,576 163,179
Cash and cash equivalents 1,895,249 2,059,318
Cash and cash equivalents of mutual fund unit holders 122,612 371,062

Total assets 27,802,380 27,886,636

EQUITY AND LIABILITIES

Equity attributable to owners of the parent 3,089,473 3,299,814
Retained earnings 1,383,252 1,701,933
Reserves (298,282) (395,592)
Share capital 2,004,503 1,993,473

Total equity 3,112,400 3,322,885

Liabilities

Share capital 2,004,503 1,993,473
Reserves (298,282) (395,592)
Retained earnings 1,383,252 1,701,933
Equity attributable to owners of the parent 3,089,473 3,299,814
Non-controlling interests in subsidiary 22,927 23,071

Total liability 3,112,400 3,322,885

Total assets 27,802,380 27,886,636

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited Audited
Mar 2018 TTS'000 Mar 2017 TTS'000 Dec 2017 TTS'000

Profit before taxation 111,233 123,018 520,215
Adjustment for specific items included on the accruals basis:
- Finance charges 34,382 32,161 128,893
- Investment income (217,116) (203,280) (890,823)
Interest and dividends received 179,528 170,893 921,334

Adjustments for non-cash items 96,061 (27,396) (259,320)

Operating profit before changes in operating assets / liabilities 204,088 95,396 420,299
Net income from insurance liabilities 114,623 543,345 2,475,337
Net purchases of financial assets (322,119) (239,247) (898,017)
Net purchases of additions to investment properties (9,389) (25,512) (49,868)
Net movement in other operating assets and liabilities (120,956) 37,097 (1,806,056)

Cash (used in)/provided by operating activities (133,753) 411,079 761,677
Interest paid (38,080) (41,807) (138,757)

Net (decrease)/increase in cash and cash equivalents (423,410) 256,343 752,161

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.

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 financial statements consistently applied from period to period, except for the adoption of new standards that became effective for the Group from 1 January 2018: IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

IFRS 15 Revenue from Contracts with Customers did not have any material impact on the Group’s accounting policies and did not require retrospective adjustments; however, the changes in accounting policies in respect of adopting IFRS 9 Financial Instruments are described in Note 2 below, and the impact of the initial application is described in Note 3.

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.
NOTES (CONTINUED)

(2) Change in accounting policies

Initial Application

IFRS 9 replaces the provisions of IAS 39 Financial Instruments: Recognition and Measurement that relates to the recognition, classification, and measurement of financial assets and liabilities, derecognition of financial instruments, and introduces an expected credit loss model for the impairment of financial assets.

The adoption of IFRS 9 resulted in changes to the Group’s accounting policies, and in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The cumulative retrospective impact of applying the new requirements has been reflected in the Group’s opening statement of financial position as at 1 January 2018.

Classification

From 1 January 2018, the Group classified its financial assets in the following measurement categories:

- those to be measured at amortised cost, and
- those to be measured subsequently at fair value either through other comprehensive income (OCI), or through profit or loss.

The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows. The assessment of Group’s business models was made as of the date of initial application of IFRS 9, 1 January 2018, and the resulting reclassifications are shown in Note (3).

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of income.

Debt instruments

Subsequent to initial recognition, debt instruments are measured in accordance with the business models determined by the Group’s respective business units for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classified its debt instruments:

- Amortised cost (AC): Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at AC. Interest income from these financial assets is recognised in the consolidated statement of income using the effective interest rate method. Gains or losses arising on derecognition, and impairment gains or losses are recognised in the consolidated statement of income. In addition to certain debt securities, the Group’s loans and receivables are carried at amortised cost.

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets are recognised in the consolidated statement of income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for AC or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in the consolidated statement of income in the period in which it arises.

Equity instruments

Subsequent to initial recognition, the Group measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the consolidated statement of income. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent recalculation of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group’s right to receive payments is established.

Impairment

From 1 January 2018, at each reporting date, the Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost and FVOCI.

The Group measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Loss allowances for ECL are presented in the consolidated financial statements as follows:

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the consolidated statement of income
- Financial assets measured at FVOCI: the loss allowance is recognised in OCI with the corresponding entry recognised in the consolidated statement of income. The loss allowance does not reduce the carrying amount of the financial asset in the statement of financial position.

(3) Impact of initial application of IFRS 9

The Group’s financial statements have been restated as at 1 January 2018 to reflect the impact of initial application of IFRS 9. As described in Note (2), the transition provisions applied by the Group do not require comparative figures to be restated. The total impact is therefore recognized in the opening statement of financial position as at 1 January 2018, as shown below.

First Quarter Results to 31 March, 2018

Guardian Holdings Limited

Expressed in Trinidad and Tobago Dollars

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Audited</th>
<th>IFRS 9 Initial Application</th>
<th>Unaudited</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31-Dec-17</td>
<td>1-Jan-18</td>
<td>$’000</td>
</tr>
<tr>
<td>Investment securities</td>
<td>7,480,460</td>
<td>136,784</td>
<td>7,617,244</td>
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<tr>
<td>AC</td>
<td>9,160,295</td>
<td>(1,877,052)</td>
<td>7,283,243</td>
</tr>
<tr>
<td>FVOCI</td>
<td>-</td>
<td>1,916,767</td>
<td>1,916,767</td>
</tr>
<tr>
<td>Investment securities of mutual fund unit holders</td>
<td>1,011,404</td>
<td>(799,470)</td>
<td>211,934</td>
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<tr>
<td>AC</td>
<td>-</td>
<td>96,677</td>
<td>96,677</td>
</tr>
<tr>
<td>FVOCI</td>
<td>-</td>
<td>760,217</td>
<td>760,217</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td>2,302,980</td>
<td>(304,525)</td>
<td>1,998,455</td>
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<tr>
<td>Deferred tax assets</td>
<td>40,130</td>
<td>11,617</td>
<td>51,747</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,059,318</td>
<td>13,637</td>
<td>2,072,955</td>
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<tr>
<td>Other assets</td>
<td>371,062</td>
<td>4,804</td>
<td>375,866</td>
</tr>
<tr>
<td>Total assets</td>
<td>27,886,636</td>
<td>(40,544)</td>
<td>27,846,092</td>
</tr>
</tbody>
</table>

EQUITY AND LIABILITIES

| Share capital | 1,993,473 | - | 1,993,473 |
| Reserves | (395,592) | 103,969 | (291,623) |
| Retained earnings | 1,701,933 | (286,050) | 1,415,883 |
| Equity attributable to owners of the parent | 3,299,814 | (182,081) | 3,117,733 |
| Non-controlling interests in subsidiary | 23,071 | - | 22,476 |
| Total equity | 3,322,885 | (182,676) | 3,140,209 |

Consolidated Financial Statements

From FVPL to AC - - (6,499) (6,499)
| Reclassification adjustments |
| From AC to FVPL | - | 129,928 | 129,928 |
| From FVPL to FVOCI | 94,553 | - | (94,553) |
| From AC to FVOCI | 691 | - | 691 |
| Expected credit losses adjustments (before taxation) |
| Increase in provision for financial assets at AC | - | (171,634) | (171,634) |
| Increase in provision for financial assets at FVOCI | - | (137,409) | (137,409) |
| Insurance contracts adjustments | - | (34,264) | (34,264) |
| Taxation adjustments | - | 28,381 | 2,842 |
| Total IFRS 9 initial application adjustments | - | 103,969 | (286,050) (182,081) |
| Unaudited opening balance | 1,597,881 | 103,969 | 1,415,883 | 3,117,733 |

Guardian Holdings Limited
Consolidated Financial Statements
First Quarter Results to 31 March, 2018

EQUITY AND LIABILITIES

| Share Capital & Other Reserves | Audited | Fair Value Reserve | Retained Earnings | Equity attributable to owners of the parent |
| $’000 | $’000 | $’000 | $’000 |
| 1,597,881 | - | 1,701,933 | 3,299,814 |

Reclassification adjustments (before taxation):

From FVPL to AC | - | - | (6,499) |
| From AC to FVPL | - | 129,928 | 129,928 |
| From FVPL to FVOCI | 94,553 | - | - |
| From AC to FVOCI | 691 | - | - |

Expected credit losses adjustments (before taxation):

Increase in provision for financial assets at AC | - | (171,634) | - |
| Increase in provision for financial assets at FVOCI | - | (137,409) | - |
| Insurance contracts adjustments | - | (34,264) | - |
| Taxation adjustments | - | 28,381 | - |
| Total IFRS 9 initial application adjustments | - | 103,969 | (286,050) |

Unaudited opening balance | 1,597,881 | 103,969 | 1,415,883 | 3,117,733 |