CHAIRMAN’S REPORT

Dear Shareholders,

Your Group has produced excellent results for the year ended 31st December, 2018. Profits attributable to shareholders amounted to $534 million, an increase of 31% over those of 2017, $407 million. Earnings per share were $2.30 versus $1.75 in the prior year. Shareholders’ equity was reduced by a one-time charge of $182 million resulting from the adoption of IFRS 9, Financial Instruments, the new Accounting Standard governing the classification and measurement of financial instruments. This notwithstanding, equity grew to $3.4 billion at 31st December, 2018 from $3.3 billion at close of the prior year. As briefly described below, and as is inescapable in your Group’s business, there were positive and negative influencing factors on the consolidated results, but shareholders should view with satisfaction the performance of their group during the last year.

Insurance underwriting activities drove the performance led by the Life, Health and Pension business segment which had a stellar result achieved primarily from improved persistency, expense management and improved product mix. Despite difficult economic circumstances in the local financial markets, this April, 2019, the increased Net Written Premiums by 7%. The Property and Casualty business segment returned a satisfactory performance as it was spared major catastrophic events during the year. However, the persistent soft market conditions led to an original exceedance of the increased Net Written Premiums. Also, of note were the not-insignificant profits made by our Asset Management and Brokerage businesses. These two ‘segments’ hold promise to become important and non-risk exposed elements of our overall Group earnings profile over the relatively short term.

Net income from investing activities fell from $1,191 million to $982 million, driven primarily by volatility in Global equity markets which resulted in a Net fair value loss of $12 million in 2018 compared to an exceptional gain of $246 million in 2017. In the face of the low interest rate environment, with attendant challenge to reprice funds profitably, your Group was successful in improving actual cash returns from investments and achieved a moderate level of realised gains.

Operating expenses have increased by 7% as your Group is undertaking a number of initiatives targeted to increase revenue growth or reduce future operating cost. Key among these initiatives is the focus on technology advancements. Apart from the above, our technical expense ratios were strictly managed and continue to improve.

Based upon the performance, your directors have proposed a final dividend of 48c, which will bring the total dividend to 71c, an increase of 4c or 6% over 2017. This dividend will be paid in due course.

The Audited Consolidated Financial Statements and Our Report

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 28 February 2019.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (“IFRSs”). Reading the summary consolidated financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor’s report thereon.

Ernest Young
Deputy Chairman, GHL
28th February, 2019

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF GUARDIAN HOLDINGS LIMITED

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2018, the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and related notes, are derived from the complete audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries (“the Group”) for the year ended 31 December 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1. Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (“IFRSs”). Reading the summary consolidated financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor’s report thereon.

SUMMARY CONSOLIDATED STATEMENT OF INCOME

<table>
<thead>
<tr>
<th></th>
<th>Audited 12 months Dec 2018</th>
<th>Audited 12 months Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross written premiums</td>
<td>5,861,246</td>
<td>5,472,644</td>
</tr>
<tr>
<td>Net written premiums</td>
<td>4,164,210</td>
<td>3,926,948</td>
</tr>
<tr>
<td>Net income from insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underwriting activities</td>
<td>863,300</td>
<td>403,099</td>
</tr>
<tr>
<td>Net income from investing activities</td>
<td>981,568</td>
<td>1,190,957</td>
</tr>
<tr>
<td>Net income from brokerage activities</td>
<td>25,038</td>
<td>16,912</td>
</tr>
<tr>
<td>Net income from all activities</td>
<td>1,869,906</td>
<td>1,610,968</td>
</tr>
<tr>
<td>Net impairment losses on financial assets</td>
<td>(1,329)</td>
<td>(5,750)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>867,460</td>
<td>501,569</td>
</tr>
<tr>
<td>Share of after tax profits of associated companies</td>
<td>17,045</td>
<td>18,646</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>704,505</td>
<td>520,215</td>
</tr>
<tr>
<td>Taxation</td>
<td>(164,632)</td>
<td>(109,924)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>539,873</td>
<td>410,291</td>
</tr>
<tr>
<td>Profit attributable to participating policyholders</td>
<td>(4,693)</td>
<td>(1,142)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>535,180</td>
<td>409,149</td>
</tr>
<tr>
<td>Profit attributable to non-controlling interests</td>
<td>(1,269)</td>
<td>(2,540)</td>
</tr>
<tr>
<td>Profit attributable to equity holders of the parent</td>
<td>533,911</td>
<td>406,609</td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$2.30</td>
<td>$1.75</td>
</tr>
<tr>
<td>Diluted</td>
<td>$2.30</td>
<td>$1.75</td>
</tr>
</tbody>
</table>

Forward Looking Statements

This statement may contain certain forward looking statements, including but not limited to, statements to as 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.

Guardian Holdings Limited
Consolidated Financial Statements
Year ended 31st December, 2018
Expressed in Trinidad and Tobago Dollars

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>Audited 12 months Dec 2018</th>
<th>Audited 12 months Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>535,180</td>
<td>409,149</td>
</tr>
<tr>
<td>Other comprehensive income/(loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translating foreign operations</td>
<td>(67,289)</td>
<td>(153,041)</td>
</tr>
<tr>
<td>Net losses on debt instruments at fair value through other comprehensive income</td>
<td>(70,048)</td>
<td>-</td>
</tr>
<tr>
<td>Losses on property revaluation</td>
<td>(3,057)</td>
<td>(3,073)</td>
</tr>
<tr>
<td>Actuarial gains/(losses) on post-employment benefits</td>
<td>35,119</td>
<td>(93,767)</td>
</tr>
<tr>
<td>Other reserve movements</td>
<td>(1,540)</td>
<td>(29,916)</td>
</tr>
<tr>
<td>Income tax relating to components of other comprehensive income</td>
<td>(817)</td>
<td>913</td>
</tr>
<tr>
<td>Other comprehensive (loss)/income for the period, net of tax</td>
<td>(107,632)</td>
<td>27,198</td>
</tr>
<tr>
<td>Total comprehensive income for the year, net of tax</td>
<td>427,548</td>
<td>436,347</td>
</tr>
<tr>
<td>Comprehensive income attributable to non-controlling interests</td>
<td>(1,395)</td>
<td>(2,224)</td>
</tr>
<tr>
<td>Comprehensive income attributable to equity holders of the parent</td>
<td>426,153</td>
<td>434,123</td>
</tr>
</tbody>
</table>
CONSORTIUM STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>Audited Dec 2018</th>
<th>Audited Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS’000</td>
<td>TTS’000</td>
</tr>
</tbody>
</table>

**ASSETS**
- Property, plant and equipment: 620,384
- Investment properties: 1,477,465
- Intangible assets: 512,490
- Investment in associated companies: 232,041
- Investment securities: 17,107,289
- Investment securities of mutual fund unit holders: 1,079,888
- Loans and receivables: 2,121,715
- Properties for development and sale: 104,115
- Pension plan assets: 67,655
- Deferred tax assets: 61,311
- Reinsurance assets: 1,396,965
- Deferred acquisition costs: 98,061
- Taxation recoverable: 129,592
- Cash and cash equivalents: 2,084,426
- Total cash and cash equivalents of mutual fund unit holders: 213,810

**Total assets**: 27,307,207

**EQUITY AND LIABILITIES**
- Total liabilities: 27,886,636
  - Other liabilities: 816,572
  - Deferred tax liabilities: 314,730
  - Post-retirement medical benefit obligations: 121,245
  - Pension plan liabilities: 69,994
  - Third party interests in mutual funds: 1,021,592
  - Insurance contracts: 16,928,454
- Total equity: 3,420,632
- Non-controlling interests in subsidiary: 22,573
- Equity attributable to owners of the parent: 3,398,059
- Retained earnings: 1,845,006
- Reserves: (439,603)
- Share capital: 1,992,656

**Balance at beginning of year**: 3,322,885

**Balance at end of year**: 3,322,885

**SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<table>
<thead>
<tr>
<th>Audited Dec 2018</th>
<th>Audited Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS’000</td>
<td>TTS’000</td>
</tr>
</tbody>
</table>

- Profit before taxation: 704,505
- Adjustment for specific items included on the accruals basis:
  - Finance charges: 135,522
  - Investment income: (918,327)
- Interest and dividends received: 919,468
- Adjustments for non-cash items: (79,204)
- Operating profit before changes in operating assets/liabilities: 920,372
- Net (decrease)/increase in insurance liabilities: (446,546)
- Net purchases of investment securities: (269,416)
- Net purchases of/additions to investment properties: (56,901)
- Net movement in other operating assets and liabilities: (317,100)
- Cash provided by operating activities: 464,609
- Interest paid: (150,644)
- Net taxation paid: (93,888)
- Net cash provided by operating activities: 220,077
- Net cash used in investing activities: (78,208)
- Net cash used in investing activities (including): 75,321
- Net (decrease)/increase in cash and cash equivalents: (154,570)
- Total equity and liabilities: 27,307,207

**SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS**

<table>
<thead>
<tr>
<th>Audited Dec 2018</th>
<th>Audited Dec 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS’000</td>
<td>TTS’000</td>
</tr>
</tbody>
</table>

**Net movement in other operating assets and liabilities**: 317,100
- Net purchases of/additions to investment properties: (56,901)
- Net cash used in investing activities: (78,208)
- Net cash provided by operating activities: 220,077
- Net cash (used in)/provided by financing activities: (75,321)
- Net (decrease)/increase in cash and cash equivalents: (154,570)

**SEGMENT INFORMATION**

<table>
<thead>
<tr>
<th>Life, health and pension business</th>
<th>Property and casualty business</th>
<th>Asset Management</th>
<th>Other including consolidation adjustments</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS’000</td>
<td>TTS’000</td>
<td>TTS’000</td>
<td>TTS’000</td>
<td>TTS’000</td>
</tr>
</tbody>
</table>

**Year ended 31st December, 2018**
- Gross written premiums: 3,563,676
- Net written premiums: 3,376,846
- Underwriting expenses: (2,963,935)
- Underwriting revenue: 3,187,935
- Net income/(loss) from investing activities: 909,465
- Net written premiums: 3,376,846
- Net income from brokerage activities: -
- Net cash provided by operating activities: 220,077
- Finance charges: (563,631)
- Operating profit/(loss): 768,030

**Year ended 31st December, 2017**
- Gross written premiums: 3,340,808
- Net written premiums: 3,143,597
- Underwriting revenue: 3,187,935
- Underwriting expenses: (3,107,850)
- Net income/(loss) from investing activities: 909,465
- Net written premiums: 3,376,846
- Net income from brokerage activities: -
- Net cash provided by operating activities: 220,077
- Finance charges: (563,631)
- Operating profit/(loss): 768,030

**Note 1: 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.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in “Note 2” of the 31 December 2018 audited consolidated 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 did not have any material impact on the Group’s financial reporting and did not require retrospective adjustments. In contrast, IFRS 9 replaced the provisions of IAS 39 Financial Instruments: Recognition and Measurement that related to the recognition, classification, and measurement of financial assets and liabilities, derecognition of financial instruments, and introduced 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.