

CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to report that Group Profit attributable to equity shareholders amounted to \$396 million, an increase of \$61 million or 18% over 2015's result.

Net Income from Investing Activities for the year increased by \$239 million, from \$788 million in 2015, to \$1,028 million, driven by improvements in all major categories of investment income due in the main to our measured deployment of liquid resources.

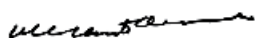
Net Income from Insurance Underwriting Activities of \$613 million was \$50 million lower than that for 2015. As explained in last year's Chairman's Report, there was a favourable non-recurring reserve release arising from a change in the taxation of insurance companies in Jamaica. Excluding the impact of this exceptional item, Net Income from Insurance Underwriting Activities increased year-over-year in our Life, Health and Pension segment. Our Property & Casualty segment reported a \$33 million decline in underwriting results, primarily as a result of the loss reserve of \$38 million established for claims arising from Hurricane Matthew which affected a number of territories in the North Caribbean during September and October 2016.

Operating expenses increased from \$886 million to \$998 million. Significant costs were incurred in connection with strategic investments made during 2016 directed toward enhancing Group profitability. Recurring expenditure of all our Group companies was confined to an increase of 3% for the year.

The Group's results benefited from a Net Gain from discontinued operations of \$23 million related to close-out adjustments on legacy items which were ultimately favourable due to the conservative positions taken when these were designated as Discontinued.

Confident in the future outlook of the Group, the total dividend per share will be increased by 8% from 61c to 66c. Consequently, further to the interim dividend of 21c, the final dividend will be 45c (2015: 42c) and will be paid to shareholders on record on March 28, 2017 when the Register of Members will be closed for this purpose.

The Directors have also fixed a date of the Annual Meeting of May 5, 2017 at 4:30 p.m. at the Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. The formal Notice of Annual Meeting with the Directors' Report and audited consolidated financial statements for the financial year ended December 31, 2016 will be communicated to shareholders in due course.



Henry Peter Ganteaume

Deputy Chairman, GH

March 9, 2017

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited 12-Months Dec 2016 TT\$'000	Audited 12-Months Dec 2015 TT\$'000
Gross written premiums	<u>5,475,136</u>	<u>5,151,553</u>
Net written premiums	<u>4,011,462</u>	<u>3,551,716</u>
Net income from insurance underwriting activities	612,654	662,220
Net income from investing activities	1,027,706	788,322
Net income from brokerage activities	<u>4,050</u>	<u>7,839</u>
Net income from all activities	1,644,410	1,458,381
Operating expenses	(997,503)	(885,977)
Finance charges	<u>(129,605)</u>	<u>(141,094)</u>
Operating profit	517,302	431,310
Share of profit of associated companies	<u>3,285</u>	<u>17,381</u>
Profit before taxation	520,587	448,691
Taxation	<u>(130,149)</u>	<u>(101,899)</u>
Profit after taxation	390,438	346,792
Amount attributable to participating policyholders	<u>(15,552)</u>	<u>(12,938)</u>
Profit from continuing operations	374,886	333,854
Net gain from discontinued operations	<u>22,771</u>	<u>2,468</u>
Profit for the year	397,657	336,322
Profit attributable to non-controlling interests	<u>(1,857)</u>	<u>(1,559)</u>
Profit attributable to equity holders of the parent	<u>395,800</u>	<u>334,763</u>
Earnings per share		
- Basic	\$1.71	\$1.44
- Basic - for continuing operations	\$1.61	\$1.43

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 2016, 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 2016.

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.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 9 March 2017. That report also includes the communication of Key Audit Matters. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

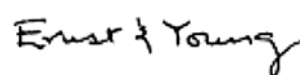
The audited consolidated financial statements and the summary consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

Responsibilities of Management for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with IFRSs.

Auditor's Responsibilities for the Audit of the Summary Consolidated Financial Statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.



Port of Spain,
TRINIDAD:
March 9, 2017

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.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12-Months Dec 2016 TT\$'000	Audited 12-Months Dec 2015 TT\$'000
Profit for the year	<u>397,657</u>	<u>336,322</u>
Other comprehensive income/(loss)		
Exchange differences on translating foreign operations	41,093	(74,172)
Gains on property revaluation	30,657	1,578
Actuarial gains on post employment benefits	8,609	19,646
Other reserve movements	(352)	(290)
Income tax relating to components of other comprehensive income	<u>(3,948)</u>	<u>(1,931)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>76,059</u>	<u>(55,169)</u>
Total comprehensive income for the year, net of tax	473,716	281,153
Comprehensive income attributable to non-controlling interests	<u>(3,143)</u>	<u>(2,230)</u>
Comprehensive income attributable to equity holders of the parent	<u>470,573</u>	<u>278,923</u>

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Dec 2016 TT\$'000	Audited Dec 2015 TT\$'000
Balance at beginning of the year	2,754,009	2,611,471
Total comprehensive income	473,716	281,153
Other movements	(2,878)	-
Disposal of asset held for sale	(13,698)	-
Dividends	<u>(147,554)</u>	<u>(138,615)</u>
Balance at end of the year	<u>3,063,595</u>	<u>2,754,009</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Dec 2016 TT\$'000	Audited Dec 2015 TT\$'000
ASSETS		
Property, plant and equipment	593,434	563,927
Investment properties	1,256,946	949,917
Intangible assets	515,163	505,097
Investment in associated companies	211,566	212,125
Financial assets	15,391,785	13,757,214
Financial assets of mutual fund unit holders	976,307	1,046,642
Loans and receivables	2,045,742	1,821,478
Properties for development and sale	168,972	188,973
Pension plan assets	106,140	102,732
Deferred tax assets	24,346	17,313
Reinsurance assets	790,796	702,548
Deferred acquisition costs	88,498	88,240
Taxation recoverable	177,151	152,352
Cash and cash equivalents	1,744,053	1,847,901
Cash and cash equivalents of mutual fund unit holders	161,142	203,157
Assets held for sale	<u>251</u>	<u>24,302</u>
Total assets	<u>24,252,292</u>	<u>22,183,918</u>
EQUITY AND LIABILITIES		
Share capital	2,032,282	2,038,280
Reserves	(547,186)	(597,775)
Retained earnings	<u>1,556,032</u>	<u>1,289,905</u>
Equity attributable to owners of the parent	3,041,128	2,730,410
Non-controlling interests in subsidiary	<u>22,467</u>	<u>23,599</u>
Total equity	<u>3,063,595</u>	<u>2,754,009</u>
Liabilities		
Insurance contracts	14,663,168	13,231,768
Financial liabilities	2,170,647	2,154,435
Investment contract liabilities	1,811,761	1,697,594
Third party interests in mutual funds	1,082,711	1,045,130
Pension plan liabilities	68,253	85,825
Post retirement medical benefit obligations	89,646	78,636
Deferred tax liabilities	246,783	231,052
Provision for taxation	76,841	33,644
Other liabilities	978,636	853,376
Liabilities related to assets held for sale	<u>251</u>	<u>18,449</u>
Total liabilities	<u>21,188,697</u>	<u>19,429,909</u>
Total equity and liabilities	<u>24,252,292</u>	<u>22,183,918</u>

These consolidated financial statements have been approved for issue by the Board of Directors on March 9, 2017 and signed on its behalf :

Director:  Director: 

**SUMMARY CONSOLIDATED STATEMENT
OF CASH FLOWS**

	Audited Dec 2016 TT\$'000	Audited Dec 2015 TT\$'000
Profit before taxation from continuing operations	520,587	448,691
Profit before taxation from discontinued operations	<u>22,771</u>	<u>2,468</u>
	543,358	451,159
Adjustment for specific items included on the accruals basis:		
- Finance charges	129,605	141,094
- Investment income	(820,293)	(771,504)
Interest and dividends received	817,738	749,295
Adjustments for non-cash items	<u>(239,057)</u>	<u>119,256</u>
Operating profit before changes in operating assets/liabilities	431,351	689,300
Net increase in insurance liabilities	1,419,659	442,332
Net purchases of financial assets	(1,301,456)	(942,768)
Net purchases of/additions to investment properties	(224,259)	(33,943)
Net movement in other operating assets and liabilities	<u>(155,239)</u>	<u>32,705</u>
Cash provided by operating activities	170,056	187,626
Interest paid	(160,762)	(161,488)
Net taxation paid	<u>(119,164)</u>	<u>(94,446)</u>
Net cash used in operating activities	(109,870)	(68,308)
Net cash used in investing activities	(66,220)	(181,900)
Net cash used in financing activities	<u>(33,913)</u>	<u>(61,636)</u>
Net decrease in cash and cash equivalents	<u>(210,003)</u>	<u>(311,844)</u>

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. These summary consolidated financial statements are derived from the audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries for the year ended 31 December 2016.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2016 audited consolidated 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 2016 audited consolidated financial statements, have also remained unchanged.

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
Year ended December 31, 2016					
Gross written premiums	3,458,460	2,016,676	-	-	5,475,136
Net written premiums	3,290,416	721,046	-	-	4,011,462
Underwriting revenue	3,325,324	969,474	-	-	4,294,798
Underwriting expenses	(3,073,746)	(614,465)	-	6,067	(3,682,144)
Net income/(loss) from investing activities	936,149	95,940	79,970	(84,353)	1,027,706
Net income from brokerage activities	-	4,050	-	-	4,050
Net income/(loss) from all activities	1,187,727	454,999	79,970	(78,286)	1,644,410
Operating expenses	(548,772)	(287,170)	(41,663)	(119,898)	(997,503)
Finance charges	(4,921)	(21,437)	(397)	(102,850)	(129,605)
Operating profit/(loss)	634,034	146,392	37,910	(301,034)	517,302
Year ended December 31, 2015					
Gross written premiums	3,022,911	2,128,642	-	-	5,151,553
Net written premiums	2,822,605	729,111	-	-	3,551,716
Underwriting revenue	2,861,346	955,092	-	-	3,816,438
Underwriting expenses	(2,595,468)	(566,937)	-	8,187	(3,154,218)
Net income/(loss) from investing activities	724,111	71,613	59,006	(66,408)	788,322
Net income from brokerage activities	-	7,839	-	-	7,839
Net income/(loss) from all activities	989,989	467,607	59,006	(58,221)	1,458,381
Operating expenses	(535,912)	(260,389)	(38,200)	(51,476)	(885,977)
Finance charges	(3,090)	(26,500)	(223)	(111,281)	(141,094)
Operating profit/(loss)	450,987	180,718	20,583	(220,978)	431,310
Total Assets					
December 31, 2016	18,910,161	4,076,232	1,562,415	(296,516)	24,252,292
December 31, 2015	16,960,884	4,072,071	1,607,514	(456,551)	22,183,918