

Chairman's Statement

My dear fellow Shareholders,

I am happy to report on another very good quarter of financial results for the Guardian Group. Our Group after tax profits from continuing operations amounted to US\$24.2 million with US\$22.8 million attributable to shareholders. That is a 484% increase over the comparable period last year.

All our core businesses are performing very well, continuing what is now a solid trend, despite the fact that our regional economies have yet to fully recover from the effects of the global financial crisis. Net insurance premium income, on a consolidated basis, is up a strong 14% from last year's first quarter of US\$133.8 million to US\$152.7 million. Total revenue, which includes investment income, plus other fees and commission income, grew 9% to US\$196.8 million from US\$181.1 million over the comparable period.

Consolidated operating profits, before fair value movements for the quarter, amounted to US\$13.7 million. The quarter's operating profits were adversely affected by two extra-ordinary and non-recurring items: First, US\$7 million of catastrophe losses related to the Chilean Earthquake and the European windstorm. Both events were written through our Lloyds business and our Bermudian reinsurer, Guardian Re. Secondly, US\$3 million in life reserve strengthening which we took in our Dutch Antillean insurer, Fatum. This reserve strengthening is a one-time occurrence related to bringing a new computerized software system on-line. Without these two items, operating profits would be in line with the comparable period's result.

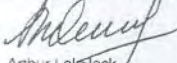
The Group's investing activities produced another strong quarter. For the first quarter, investment income amounted to US\$35 million, while we recorded fair value gains of US\$22.8 million. This fully reversed last year's first quarter fair value losses of US\$15.2 million. Operating profits before tax and inclusive of fair value gains increased 228% from US\$11.1 million to US\$36.5 million for the period.

Guardian's core business segments of Life, Health and Pension (LH&P), Caribbean Property and Casualty (CPC), and Asset Management all performed well in the quarter, exceeding budget and exceeding last year's first quarter results. Our International Property and Casualty (IPC) business produced a loss for the quarter due the aforementioned catastrophe losses.

LH&P produced net profits after tax of US\$16.4 million in the quarter as compared to US\$2.7 million in the comparable period. In addition, this business segment continues to produce very strong top line growth, increasing its top line by 13% over the comparable period. CPC generated US\$5.5 million in net after tax profits for the quarter and continues to deliver excellent technical margins. Guardian General's combined ratio for the first quarter of this year amounted to an impressive 78.9%.

Our Asset Management business produced net after tax profits of US\$10.6 million as compared to US\$1.1 million in 2009's first quarter. This was driven in large part by fair value gains related to the recent implementation of the Jamaican Debt Exchange program. Guardian Asset Management's mutual funds increased their funds under management by 17% in just the three months from year end 2009 to now stand at more than US\$220 million.

All in all, the quarter was very satisfying. We legally transferred ownership of Zenith in February and, without that drag on our earnings, we were able to deliver stellar results which translated to earnings per share on continuing operations of US\$0.11 as compared to US\$0.02.



Arthur Lok Jack
Chairman
May 11, 2010

Consolidated Income Statement

	Unaudited 3-Months Mar 2010 US\$'000	Unaudited 3-Months Mar 2009 US\$'000 (Restated)	Audited 12-Months Dec 2009 US\$'000
Insurance premium income	179,922	162,370	633,236
Insurance premium ceded to reinsurers	(27,172)	(28,520)	(113,858)
Net insurance premium income	152,750	133,850	519,378
Investment income	35,001	36,831	147,753
Fee & commission income	4,670	4,753	22,469
Other operating income	4,392	5,696	24,553
Total revenue	196,813	181,130	714,153
Net insurance benefits and claims	(116,425)	(94,147)	(376,085)
Policy acquisition expenses	(39,372)	(36,251)	(143,780)
Operating expenses	(27,263)	(24,347)	(110,721)
Operating profit before fair value gains / (losses)	13,753	26,385	83,567
Fair value gains / (losses)	22,800	(15,248)	8,971
Operating profit	36,553	11,137	92,538
Share of profit of associated companies	432	616	2,448
Finance charges	(3,100)	(4,053)	(17,338)
Profit before taxation	33,885	7,700	77,648
Taxation	(8,389)	(2,531)	(18,343)
Profit after taxation	25,496	5,169	59,305
Amount attributable to participating policyholders	(1,241)	(16)	(1,006)
Profit from continuing operations	24,255	5,153	58,299
Net loss on discontinued operations	(625)	(2,208)	(187,373)
Profit / (loss) for the period	23,630	2,945	(129,074)

Profit / (loss) attributable to:	Unaudited 3-Months Mar 2010 US\$'000	Unaudited 3-Months Mar 2009 US\$'000 (Restated)	Audited 12-Months Dec 2009 US\$'000
Owners of the parent	22,253	1,714	(132,797)
Non-controlling interests	1,377	1,231	3,723
	23,630	2,945	(129,074)

Earnings / (loss) per share:	Unaudited 3-Months Mar 2010 US\$'000	Unaudited 3-Months Mar 2009 US\$'000 (Restated)	Audited 12-Months Dec 2009 US\$'000
Basic	\$0.11	\$0.01	(\$0.66)
Diluted	\$0.11	\$0.01	(\$0.64)

Earnings per share for continuing operations:	Unaudited 3-Months Mar 2010 US\$'000	Unaudited 3-Months Mar 2009 US\$'000 (Restated)	Audited 12-Months Dec 2009 US\$'000
Basic	\$0.11	\$0.02	\$0.27
Diluted	\$0.11	\$0.02	\$0.26

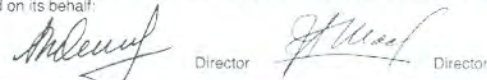
Consolidated Statement of Comprehensive Income

	Unaudited 3-Months Mar 2010 US\$'000	Unaudited 3-Months Mar 2009 US\$'000 (Restated)	Audited 12-Months Dec 2009 US\$'000
Profit / (loss) for the period	23,630	2,945	(129,074)
Other comprehensive income / (loss):			
Exchange differences on translating foreign operations	(3,302)	(16,732)	44,702
Gains on property revaluation	-	-	1,702
Net gain / (loss) on available-for-sale financial assets	3,537	(458)	14,592
Actuarial losses on defined benefit pension plans	-	-	(7,813)
Other reserve movements	192	(152)	264
Income tax relating to components of other comprehensive income	22	-	28
Other comprehensive income / (loss) for the period	449	(17,342)	53,475
Total comprehensive income / (loss) for the period	24,079	(14,397)	(75,599)
Total comprehensive income / (loss) attributable to:			
- Owners of the parent	20,974	(14,074)	(89,626)
- Non-controlling interests	3,105	(323)	14,027
	24,079	(14,397)	(75,599)

Consolidated Statement of Financial Position

	Unaudited Mar 2010 US\$'000	Unaudited Mar 2009 US\$'000 (Restated)	Audited Dec 2009 US\$'000
ASSETS			
Property, plant and equipment	79,431	93,007	79,964
Investment properties	146,462	117,169	150,795
Intangible assets	42,427	98,328	42,483
Investment in associated companies	43,092	42,276	43,087
Financial assets	1,716,637	1,700,656	1,688,754
Loans and receivables including reinsurance receivables	168,404	176,416	188,154
Pension plan assets	7,945	16,615	8,485
Value to shareholders of inforce long term business	94,281	86,898	91,765
Deferred tax asset	3,917	8,704	7,448
Reinsurance assets	62,001	158,004	64,164
Deferred acquisition costs	69,506	82,628	73,345
Taxation recoverable	28,141	16,685	24,886
Cash and cash equivalents	347,102	416,381	330,826
Other assets	210,009	261,426	181,727
Assets held for sale	167,902	-	207,398
	3,187,257	3,277,193	3,183,281
Segregated funds			
Financial assets of Mutual Fund unit holders	181,580	102,150	151,306
Cash and cash equivalents of Mutual Fund unit holders	25,104	7,601	20,486
Segregated fund assets of life insurance policyholders	66,362	55,866	63,033
	273,046	165,617	234,825
Total assets	3,460,303	3,442,810	3,418,106
EQUITY AND LIABILITIES			
Share capital	243,300	242,428	242,994
Reserves	(53,342)	(118,427)	(51,849)
Retained earnings	188,816	322,112	176,840
Equity attributable to owners of the parent	378,774	446,113	367,985
Non-controlling interests			
Mutual Fund holders	169,560	89,340	136,170
Non-controlling interests in subsidiaries	15,689	15,565	16,575
Total non-controlling interests	185,249	104,905	152,745
Total equity	564,023	551,018	520,730
LIABILITIES			
Insurance contracts	1,704,230	1,916,926	1,652,446
Financial liabilities	737,291	739,919	761,641
Post retirement medical benefit obligations	11,310	7,629	10,926
Deferred tax liability	29,612	35,784	31,399
Provision for taxation	16,675	11,939	15,057
Other liabilities	145,530	123,729	135,296
Liabilities related to assets held for sale	185,270	-	227,578
	2,829,918	2,835,926	2,834,343
Segregated fund liabilities of life insurance policyholders	66,362	55,866	63,033
Total liabilities	2,896,280	2,891,792	2,897,376
Total equity and liabilities	3,460,303	3,442,810	3,418,106

These financial statements have been approved for issue by the Board of Directors on May 5, 2010 and signed on its behalf:



Arthur Lok Jack Director

Consolidated Statement of Changes in Equity

	Unaudited Mar 2010 US\$'000	Unaudited Mar 2009 US\$'000 (Restated)	Audited Dec 2009 US\$'000
Balance at the beginning of the period	520,729	564,268	564,268
Profit / (loss) for the period	23,630	2,945	(129,074)
Other comprehensive income / (loss) for the period	449	(17,342)	53,475
Total comprehensive income / (loss) for the period	24,079	(14,397)	(75,599)
Net change in Mutual Fund holder balances	30,544	13,782	50,832
Share option scheme - value of services provided	307	1526	1,445
Repurchase of shares	-	(240)	(240)
Dividends	(11,636)	(12,921)	(19,976)
Balance at the end of the period	564,023	551,018	520,730



**GUARDIAN
HOLDINGS
LIMITED**

First Quarter Results to March 31, 2010

Consolidated Cash Flow Statement

	Unaudited Mar 2010 US\$'000	Unaudited Mar 2009 US\$'000 (Restated)	Audited Dec 2009 US\$'000
Profit before taxation from continuing operations	33,885	7,700	77,648
Loss before taxation from discontinued operations	(625)	(2,208)	(187,141)
Adjustment for specific items included on the accruals basis:			
- Interest expense	3,100	4,054	17,338
- Investment income	(35,001)	(36,831)	(147,753)
Interest and dividends received	39,854	32,316	141,355
Adjustments for non-cash items	(17,092)	17,451	195,165
Operating profit before changes in operating assets / liabilities	24,121	22,482	96,612
Net increase in insurance liabilities	51,784	9,542	132,540
Net purchases from sale of financial assets	(54,923)	(86,257)	(161,819)
Net movement in other operating assets and liabilities	1,695	(7,525)	(165,242)
Cash provided by / (used in) operating activities	22,677	(61,758)	(97,909)
Interest paid	(285)	(579)	(15,606)
Net taxation (paid) / received	(1,844)	283	(11,606)
Net cash provided by / (used in) operating activities	20,548	(62,054)	(125,121)
Net cash (used in) / provided by investing activities	(861)	(2,954)	5,645
Net cash provided by financing activities	2,982	17,042	80,782
Net increase / (decrease) in cash and cash equivalents	22,669	(47,966)	(38,694)

Note:

The interim unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and accordingly should be read in conjunction with the Group's annual financial statements as at 31 December 2009. For comparative purposes, adjustments and reclassifications to prior year numbers have been made to conform to the current year reporting.

Segment Information

	Life, health and pension business US\$'000	Property and casualty business US\$'000	Asset management US\$'000	Other US\$'000	Total Group US\$'000
Three months ended 31 March 2010					
Total segment revenue	123,599	97,048	6,956	158	227,761
Inter-segment revenue	(2,932)	(27,028)	(1,072)	84	(30,948)
Revenue from external customers	120,667	70,020	5,884	242	196,813
Operating profit / (loss) before fair value gains	9,405	3,259	3,881	(2,792)	13,753
Fair value gains	11,414	1,266	10,118	2	22,800
Operating profit / (loss)	20,819	4,525	13,999	(2,790)	36,553
Three months ended 31 March 2009					
Total segment revenue	116,010	117,285	5,796	2,248	241,339
Inter-segment revenue	(2,799)	(54,716)	(918)	(1,776)	(60,209)
Revenue from external customers	113,211	62,569	4,878	472	181,130
Operating profit / (loss) before fair value losses	16,947	8,937	3,205	(2,704)	26,385
Fair value losses	(11,014)	(685)	(3,292)	(257)	(15,248)
Operating profit / (loss)	5,933	8,252	(87)	(2,961)	11,137
Total assets					
31 March 2010	2,024,260	888,886	473,875	73,282	3,460,303
31 March 2009 (Restated)	1,835,248	1,090,791	367,196	149,575	3,442,810
31 December 2009	1,948,861	906,398	458,633	104,214	3,418,106