

Guardian Holdings Limited

THIRD QUARTER RESULTS TO SEPTEMBER 30, 2001

Chairman's Statement

The Group recorded a Net Profit available for distribution to shareholders of \$120.5 million for the nine months ended September 30, 2001, This represents an increase of 42.9% or \$35.8 million dollars over the corresponding period of the previous year. The total assets of the Group have increased by 10% since the end of the last financial year. The Group's Insurance operations continue to reflect steady growth and contributed 61% of the Net Profit available to shareholders. Sales of life insurance in both Trinidad and Tobago and Jamaica continue to be strong, and our market share in both territories has increased.

During the last quarter the Group increased its shareholding In NEMWIL to 92% and intends to make that company a wholly owned subsidiary by December 31, 2001. This transaction was done by the issuance of new shares, approved by Special Meeting of shareholders on September 24th 2001. Consequently, and in addition to the recent successful Rights Issue, GHIL's share capital increased to \$460.3 million compared to \$39.1 million as at June 30, 2001. Shareholders' equity now stands at \$1,146.5 million compared to \$723.8 million at June 30th 2001. The basic earnings per share (eps) on the expanded share capital was \$0.91, and compares with a restated eps of \$0.67 at September 2000.

In interpreting the Group results careful note must be taken of the effect of consolidating out interest in RBTT Financial Holdings Limited and Neal & Massy Holdings Limited, In both cases portions of these investments are held in the investment funds of our Group's life insurance companies. The aggregate carrying value of these investments held by the Group at September 30 amounted to \$1.2 billion, of which the life companies hold 39%. Additionally investments in these associated companies have also been made by and are reported In the accounts of the group holding company, Guardian Holdings Limited. In the respective financial statements of our Life companies investment Income is accounted for under the appropriate accounting standards. However on consolidation, we are required to adjust operating profits in order to reflect the share of results of Associated Companies in accordance with accepted accounting principles.

The events of September 11, 2001, and the subsequent military action in Central Asia, have altered the near and medium term outlooks for several industries. Your Board foresees little diminution in the demand for insurance and savings products in the markets which we serve, although returns on investments, Inclusive of market appreciation are likely to be subject to shortterm volatility. Your Board is taking steps to effectively contain and manage this risk. Contrary to popular expectation, our general insurance business is likely to experience Improved pricing and risk selection within the new climate prevailing in that industry. Your Board Is therefore optimistic that our year-end results will be well within an acceptable range of the projected earnings for 2001, and envisages no significant changes in our strategic direction. We do however, plan to accelerate the Implementation of our rationalization projects in respect of recent acquisitions which will yield significant cost savings over the next few years.

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Unaudited Sep. 2001 TT\$ '000	Unaudited Sep.2000 TT\$ '000	Audited Dec.2000 TT\$ '000
Revenue	<u>696,663</u>	<u>590,012</u>	<u>919,852</u>
Operating Profit	<u>119,359</u>	<u>93,707</u>	<u>149,589</u>
Share of Profits of Associated Companies	<u>115,636</u>	<u>57,807</u>	<u>90,909</u>
	234,995	151,514	240,498

Finance Charges	34,272	26,589	35,500
Amortisation of Goodwill	14,520	6,697	14,769
Profit Before Taxation	186,203	118,228	190,229
Taxation	33,078	28,137	37,438
Profit after Taxation	153,125	90,091	152,791
Transfer to Reserves - Associated Companies	1,943	678	986
Net Profit	151,182	89,413	151,805
Minority Interests	30,708	4,727	13,865
Profit Attributable to Shareholders	120,474	84,686	137,940
Dividends	14,530	10,050	47,738
Profit Retained	105,944	74,636	90,202
Earnings Per Share - Basic	0.91	0.67	1.09
Earnings Per Share - Diluted	0.90	0.67	1.08
(Adjusted for July 2001 Rights Issue)			

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Sep. 2001 TT\$'000	Unaudited Sep. 2000 TT\$'000	Audited Dec. 2000 TT\$'000
Profit Before Taxation	186,203	118,228	190,229
Share of Profits of Associated Companies	(115,636)	(57,807)	(90,909)
Dividends from Associated Companies	29,851	9,766	25,129
Adjustments for Non-cash Items	115,467	35,400	175,550
Operating Cash Flow Before Working Capital Changes	215,885	105,587	299,999
Net Working Capital Changes	(65,426)	120,335	381,110
Net Taxation Paid	(241)	(12,019)	(7,406)
Cash Flow from Operating Activities	150,218	213,903	673,703
Investing Activities	560,183	382,544	(726,954)
Financing Activities	408,243	178,154	182,866
(Decrease) Increase In Short-term Funds	(1,722)	9,513	129,615

CONSOLIDATED BALANCE SHEET

	Unaudited Sep. 2001 TT\$'000	Unaudited Sep. 2000 TT\$'000	Audited Dec. 2000 TT\$'000
Fixed Assets	143,556	47,648	123,818
Investment In Associated Companies	649,844	637,073	555,549
Investments	3,414,191	3,198,552	3,046,751
Pension Plan Assets	84,490	67,297	81,490
Value to Shareholders of Long-term Insurance Business In force	308,352	119,410	282,887
Goodwill	729,875	562,453	663,410
	<u>5,330,308</u>	<u>4,632,443</u>	<u>4,753,905</u>
Current Assets	1,013,120	438,717	992,588
Total Assets	<u>6,343,428</u>	<u>5,071,150</u>	<u>5,746,493</u>
Shareholders' Equity			
Share Capital	460,276	37,766	37,766
Reserves	221,304	564,509	208,373
Retained Earnings	464,935	336,415	379,773
	<u>1,146,515</u>	<u>938,690</u>	<u>625,912</u>
Minority Interests	571,691	492,977	642,705
Medium Term Debt	326,959	321,378	310,421
Deferred Tax	17,608	-	17,625
Insurance Funds	3,386,164	2,970,969	3,179,087
	<u>3,730,731</u>	<u>3,292,347</u>	<u>3,507,133</u>
	894,491	347,136	970,743
Current Liabilities	<u>4,625,222</u>	<u>3,639,483</u>	<u>4,477,876</u>
Total Liabilities	<u>6,343,426</u>	<u>5,071,150</u>	<u>5,746,493</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Sep. 2001 TT\$'000	Unaudited Sep. 2000 TT\$'000	Audited Dec. 2000 TT\$'000
Balance at the Start of the Period	625,912	688,669	688,669
Issue of Shares	422,510	1,344	1,344
Translation Adjustments	6,202	(1,592)	(25,715)
Investment Valuation Reserve Movements	4,626	76,426	(141,826)
Effect of Adopting IAS 12, 39 & 40	-	-	(2,610)
Other Reserve Movements	18,679	99,207	15,848
Profits Attributable to Shareholders	120,474	84,686	137,940
Dividends	<u>(14,530)</u>	<u>(10,050)</u>	<u>(47,738)</u>
Balance at the End of the Period	<u>1,146,615</u>	<u>938,690</u>	<u>625,912</u>
