

Guardian Holdings Limited

Fourth Quarter Results To December 31, 2003

CHAIRMAN'S STATEMENT

Our financial results for 2003 were nothing short of superb due in part to continued excellent performance of the subsidiary companies, the effects of recent acquisitions and the booking of unrealised gains net of attributable goodwill on our holdings of RBTT Financial Holdings Limited (RBTTFH) shares amounting to \$486.2 million as well as the net realised gains of \$194.5 million arising from the sale of part of our stake in RBTTFH. The gains on that transaction are considered non-recurrent. On a fully diluted basis, and excluding non-recurrent items, our earnings per share were \$2.22 in 2003 compared to \$1.21 in 2002, an increase of 83%. The non-recurrent items generated a further increase in shareholder value of \$4.03 per share. Overall, we are reporting the highest level of profit ever declared by a listed company in the Trinidad and Tobago market totalling \$1.05 billion or US\$169.9 million.

Shareholders' Equity at year's end was \$2,501 million, 122 per cent higher than the prior year figure while medium term debt increased by only 9% to \$1,064 million. The group's total assets grew by 58 per cent, at year-end amounted to TT\$11.6 billion or US\$1,863 million.

We finalised the acquisition of Fatum Holding NV in early 2003 resulting in a significant boost to our insurance funds and total assets. Insurance Funds of the group increased by 65 per cent. In September 2003 the Guardian General Insurance division purchased the UK-based Link Underwriting Agency Limited, which will provide the GHIL group with access to property and casualty business in the United Kingdom and Europe. At an extraordinary general meeting on October 14, 2003 shareholders of GHIL agreed to a resolution for the issuance of 29,941,117 additional shares in GHIL to RBTTFH in consideration for the acquisition by GHIL of their 20% interests in Guardian Insurance Limited (GIL) and Guardian General Limited (GGL). This brought the total shares in issue to 190.7 million. The value of this transaction was \$590 million. Subsequent to that transaction RBTTFH acquired a further 8,219,298 shares in GHIL bringing their investment in our group to 20 per cent. The above sale of the RBTTFH shares together with the purchase of RBTTFH'S interest in GIL and GGL in the main accounted for a net decrease of \$238 million in goodwill by the end of the year.

Based on the results for the year, Directors have decided to pay a final dividend of 42 cents per share, comprising an ordinary dividend of 36 cents per share and a special dividend of 6 cents per share. Our recommended dividend relative to the size of our reported profits acknowledges that a substantial part of those profits reflect unrealized gains.

Your directors have fixed April 2nd, 2004 as the Record Date for determination of shareholders entitled to payment of this dividend. The register of members will be closed on April 2nd, 2004. Dividend cheques will be mailed out on April 8th, 2004. The Annual Shareholders Meeting of the company will take place on April 23,2004. Shareholdots, Meeting of the company wiff take place on April 23, 2004,

Nazir Ahamad
Chairman

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Audited Dec. 2003 \$TT'000	Audited Dec. 2002 \$TT'000	
Revenue	<u>2,826,856</u>	<u>1,521,724</u>	
Operating Profit	545,588	212,492	
Share of Profits of Associated Compa	<u>108,686</u>	<u>170,949</u>	
	654,274	383,441	
	(118,670)	(85,713)	
Finance Charges	57,241	(30,690)	
Goodwill Net of Negative Goodwill	<u>680,808</u>	<u>(10,936)</u>	
Non-recurrent Items (Note 2)	1,273,653	256,102	
Profit Before Taxation	<u>(162,331)</u>	<u>(33,758)</u>	1 q.275
Taxation	1,111,322	222,344	
Minority Interests	<u>(55,693)</u>	<u>(38,549)</u>	A
Profit Attributable to Shareholders	<u>1,055,629</u>	<u>183,795</u>	
Earnings Per Share - Basic			
Before non-recurrent items	2.25	1.23	1,979,241
Attributable to non-recurrent items	<u>4.10</u>	<u>(0.07)</u>	5C,
Total	<u>6.35</u>	<u>1.16</u>	file 5
Earnings Per Share - Diluted			
Before non-recurrent items	2.22	1.21	
Attributable to non-recurrent items	<u>4.03</u>	<u>(0.07)</u>	
Total	<u>6.25</u>	<u>1.14</u>	

CONSOLIDATED BALANCE SHEET

	Audited Dec. 2003 \$TT'000	Audited Dec. 2002 \$TT'000
Fixed Assets	551,954	477,484
Investment in Associated Companies	187,036	702,207
Investments	7,783,896	4,138,682
Pension Plan Assets	129,186	98,578
Value to Shareholders of Long-term insurance Business in force	432,471	324,736
Goodwill	313,816	551,713
	<u>9,398,359</u>	<u>6,293,400</u>
Current Assets	2,168,353	1,014,917
Total Assets	<u>11,566,712</u>	<u>7,308,317</u>
Shareholders' Equity		
Share Capital	1,070,367	472,653
Reserves	(230,229)	43,590
Retained Earnings	1,661,293	607,133
	<u>2,501,431</u>	<u>1,123,376</u>
	14,605	590,239
Minority Interests	42,480	-
Post Retirement Benefit Obligations	1,064,784	971,445
Medium Term Debt	103,136	11,781
Deferred Tax	6,175,930	3,733,884
Insurance Funds	7,386,330	4,717,110
	<u>1,664,346</u>	<u>877,592</u>
Current Liabilities	9,050,676	5,594,702
Total Liabilities	<u>11,566,712</u>	<u>7,308,317</u>
Total Equity & Liabilities		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Dec. 2003 \$TT'000	Audited Dec. 2002 \$TT'000
Balance at the Start of the Period	1,123,376	997,807
Issue of Shares	597,714	12,632
Transfer from General Insurance Fund	-	17,982
Translation Adjustments	(250,540)	(20,377)
Other Reserve Movements	(5,504)	115
Profits Attributable to Shareholders	1,055,629	183,795
Dividends	(19,244)	(68,578)
Balance at the End of the Period	<u>2,501,431</u>	<u>1,123,376</u>

CONSOLIDATED CASH FLOW STATEMENT

	Audited Dec. 2003 \$TT'000	Audited Dec. 2002 \$TT'000
Profit Before Taxation	1,273,653	256,102
Share of Profits of Associated Companies	(108,686)	(170,949)
Dividends from Associated Companies	30,515	45,284
Adjustments for Non-Cash Items	(351,310)	274,135
Operating Cash Flow Before Working Capital Changes	844,172	404,572
Net Working Capital Changes	12,437	15,275
Net Taxation (Paid)	(25,839)	(20,994)
Cash Flow from Operating Activities	830,770	398,853
Investing Activities	(756,983)	(397,924)
Financing Activities	(184,365)	91,156
(Decrease)/Increase in Short-term Funds	<u>(90,578)</u>	<u>92,085</u>

Notes to Financial Statements:

Note 1 - These financial statements have been prepared in accordance with International Financial Reporting Standards

Note 2 - The non-recurrent Items include the following

Gain on Sale of Shares in RBTFH Ltd	194,577	-
Mark to Market adjustment on residual investment in RBTFH Ltd.	486,231	-
Non-recurrent expense	<u>-</u>	<u>(10,936)</u>
	<u>680,808</u>	<u>(10,936)</u>
