

GUARDIAN HOLDINGS LIMITED

TO JUNE 30, 2004

CHAIRMAN'S STATEMENT

The Group recorded profits attributable to shareholders of \$81 million in the first half of 2004 compared with \$19 million in the corresponding period in 2003. This exceptional performance is due firstly to the continued strong operating performance of our subsidiaries in all market categories and geographies. Premium income at our life insurance subsidiaries in Trinidad and Tobago and Jamaica rose by 27 percent and 21 percent respectively. Our general insurance businesses also performed well in the first semester. Net premium income of those companies, boosted by our recently acquired subsidiary in the United Kingdom, grew by 32 percent in the first half. The premium income in our insurance company in the Dutch Caribbean grew more modestly by 14 percent.

The second reason for our outstanding performance is that we have continued to enjoy high levels of appreciation in market value of our equity investments, as the markets in Trinidad and Tobago and Jamaica rose in the first half by 30 percent and 40 percent respectively. We cautioned in our previous report that "...continued appreciation of investments on the scale experienced in the first quarter is unlikely to be sustained throughout the remainder of the year". This has proved to be correct in that the equity markets in both Trinidad and Tobago and Jamaica cooled considerably in the second quarter compared to the first quarter of 2004, and overseas stock markets also largely traded sideways in the second quarter.

Given the solid profit performance of the first half, the continued improvement in the economies in which we operate, especially Trinidad and Tobago, and the overwhelming desire of our staff to be the best in all the markets in which we compete, we are confident that the outturn for the second half of 2004 will mirror the excellent performances of recent years. We are learning to manage earnings volatility arising from external factors beyond our control and remain focused on continually improving operating performance in our subsidiaries.

Based on the results for the half. year, the Directors have decided to pay an interim dividend of 2 cents per share, and have fixed August 10th 2004 as the Record Date for the determination of shareholders entitled to payment of this dividend. For this purpose, the register of members will be closed from August 19th, 2004 to August 20th, 2004 both days inclusive. Dividend cheques will be mailed out on August 26th, 2004.

Arthur Lok Jack
Chairman

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Unaudited June 2004 \$US'000	Unaudited June 2003 \$US'000	Audited Dec.2003 \$US'000
Revenue	297,711	184,044	455,210
Operating Profit	99,593	21,316	87,856
Share of Profits of Associated Companies	(2,123)	12,494	17,502
	97,470	33,810	105,358
Finance Charges	(7,857)	(9,530)	(19,109)
Goodwill Net of Negative Goodwill	(1,609)	4,869	9,218
Non-recurrent items	-	-	109,631
Profit Before Taxation	88,004	29,149	205,098
Taxation	(6,814)	(6,106)	(26,140)
Profit after Taxation	81,190	23,043	178,958
Minority interests	(125)	(3,660)	(8,969)
Profit Attributable to Shareholders	81,065	19,383	169,989
Earnings Per Share - Basic			
Before non-recurrent Items	0.43	0.12	0.36
Attributable to non-recurrent items	-	-	0.66
Total			1.02
Earnings Per Share - Diluted			
Before non-recurrent items	0.42	0.11	0.35
Attributable to non-recurrent items	-	-	0.65
Total			1.00

CONSOLIDATED BALANCE SHEET

	Unaudited June 2004 \$US'000	Unaudited June 2003 \$US'000	Audited Dec.2003 \$US'000
Fixed Assets	97,335	91,551	88,881
Investment in Associated Companies	40,450	116,410	30,119
Investments	1,388,461	1,022,748	1,253,445
Pension Plan Assets	20,998	16,183	20,803
Value to Shareholders of Long-term Insurance Business in force	70,584	51,661	69,641
Goodwill	49,533	83,415	50,534
	<u>1,667,361</u>	<u>1,381,968</u>	<u>1,513,423</u>
Current Assets	400,781	295,327	349,171
Deferred Tax Asset	1,515	-	-
Total Assets	<u>2,069,657</u>	<u>1,677,295</u>	<u>1,862,594</u>
Shareholders' Equity			
Share Capital	174,077	76,417	172,362
Reserves	(36,732)	699	(37,074)
Retained Earnings	335,540	105,365	267,519
	<u>472,885</u>	<u>182,481</u>	<u>402,807</u>
Minority Interests	2,281	85,450	2,351
Post Retirement Benefit Obligations	6,967	-	6,841
Medium Term Debt	172,070	208,286	171,463
Deferred Tax	20,730	1,729	16,608
Insurance Funds	1,095,647	989,340	994,514
	<u>1,295,414</u>	<u>1,199,355</u>	<u>1,189,426</u>
Current Liabilities	299,077	210,009	268,010
Total Liabilities	<u>1,594,491</u>	<u>1,409,364</u>	<u>1,457,436</u>
Total Equity & Liabilities	<u>2,069,657</u>	<u>1,677,295</u>	<u>1,862,594</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited June 2004 \$US'000	Unaudited June 2003 \$US'000	Audited Dec.2003 \$US'000
Balance at the Start of the Period	402,807	178,002	180,898
Issue of Shares	1,715	305	96,250
Translation Adjustments	563	(8,873)	(40,345)
Other Reserve Movements	(366)	(3,237)	(886)
Profits Attributable to Shareholders	81,065	19,383	169,989
Dividends	(12,899)	(3,099)	(3,099)
Balance at the End of the Period	<u>472,885</u>	<u>182,481</u>	<u>402,807</u>

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited June 2004 \$US'000	Unaudited June 2003 \$US'000	Audited Dec.2003 \$US'000
Profit Before Taxation	88,004	29,149	205,098
Share of Profits of Associated Companies	2,123	(12,494)	(17,502)
Dividends from Associated Companies	21	4,674	4,914
Adjustments for Non-Cash Items	22,338	35,175	(56,572)
Operating Cash Flow Before Working Capital Changes	112,486	56,504	135,938
Net Working Capital Changes	(13,633)	(2,708)	2,003
Net Taxation (Paid)	(3,223)	(2,062)	(4,161)
Cash Flow from Operating Activities	<u>95,630</u>	<u>51,734</u>	<u>133,780</u>
Investing Activities	(111,806)	(51,896)	(121,898)
Financing Activities	(9,136)	27,852	(26,468)
(Decrease)/Increase in Short-term Funds	<u>(25,312)</u>	<u>27,690</u>	<u>(14,586)</u>

These financial statements have been prepared in accordance with International Financial Reporting Standards.
Conversion Rate: US\$1.00:TT\$6.21