

# Guardian Holdings Limited

## THIRD QUARTER RESULTS TO SEPTEMBER 30, 2004

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### CHAIRMAN'S STATEMENT

Group operating profit (before non-recurrent items) for the first three quarters of 2004 was \$543.7 million compared with \$260.4 million in the corresponding period in 2003, an increase of 109 per cent. These outstanding results were achieved despite the losses arising from the four hurricanes which hit several islands in the Caribbean and Florida where our general insurance companies write business and for which provisions of \$156 million have been made.

Profit attributable to shareholders was \$412.6 million or \$2.16 per share and compares with earnings per share of \$1.08 before non-recurrent items in the corresponding period in 2003. The group's ability to produce these excellent results, despite the catastrophe losses, reflects the continued strong performance of our life insurance subsidiaries, as well as the excellent results of our newer asset management companies in Jamaica and Trinidad and Tobago. They also confirm the correctness of our strategic emphasis over the last five years on the geographical diversification of our general insurance business and the development of newer lines of business.

Total assets as well as shareholders' equity increased by 16% in the first nine months on the strength of an increase of 19% in Insurance Funds and concomitant growth in Investments of 15%.

The board of directors of Guardian Holdings Limited wishes to extend its sympathy to our clients and non-clients alike who suffered losses as a result of the hurricanes. Our general insurance companies throughout the region have been working tirelessly to bring normalcy back to the lives of our clients as quickly as possible. We are indeed proud of our ability to demonstrate our commitment to serving Caribbean people in times of dire need, and equally proud that we have been able to build a strong, resilient business capable of withstanding such shocks. The board of directors of GHG is confident that its expectations for year on year growth in earnings will be fully met, despite the catastrophe loss provisions made in the quarter under review.

**Arthur Lok Jack**  
Chairman

## CONSOLIDATED PROFIT AND LOSS STATEMENT

	Unaudited 9-Months Sept. 2004 \$TT'000	Unaudited 9-Months Sept. 2003 \$TT'000	Audited 12-Months Dec. 2003 \$TT'000	Unaudited 3-Months Sept. 2004 \$TT'000	Unaudited 3-Months Sept. 2003 \$TT'000
Revenue	2,526,818	1,759,745	2,826,856	678,035	616,829
Operating Profit	699,660	260,404	545,588	81,186	128,032
Provision for Net Losses arising out of Windstorm Catastrophies	(155,985)	-	-	(155,985)	-
	543,675	260,404	545,588	(74,799)	128,032
Share of Profits of Associated Companies	(14,342)	88,281	108,686	(1,159)	10,695
Non-recurrent Items (Note 2)	-	680,808	680,808	-	680,808
	529,333	1,029,493	1,335,082	(75,958)	819,535
Finance Charges	(75,067)	(85,999)	(118,670)	(26,276)	(26,821)
Goodwill Amortisation	(14,502)	11,321	57,241	(4,513)	(18,914)
Profit Before Taxation	439,764	954,815	1,273,653	(106,747)	773,800
Taxation	(26,281)	(58,873)	(162,331)	16,035	(20,955)

Profit after Taxation	413,483	895,942	1,111,322	(90,712)	752,845
Minority Interests	(866)	(41,672)	(55,693)	(89)	(18,944)
Profit Attributable to Shareholders	<u>412,617</u>	<u>854,270</u>	<u>1,055,629</u>	<u>(90,801)</u>	<u>733,901</u>
Earnings Per Share - Basic					
Before non-recurrent Items	2.16	1.08	2.25		
Attributable to non-recurrent Items	-	4.25	4.10		
Total	<u>2.16</u>	<u>5.33</u>	<u>6.35</u>		
Earnings Per Share - Diluted					
Before non-recurrent Items	2.12	1.07	2.22		
Attributable to non-recurrent Items	-	4.18	4.03		
Total	<u>2.12</u>	<u>5.25</u>	<u>6.25</u>		

Conversion rate: US \$1.00: TT\$6.21

## CONSOLIDATED BALANCE SHEET

	Unaudited Sept. 2004 \$TT'000	Unaudited Sept. 2003 \$TT'000	Audited Dec. 2003 \$TT'000
Fixed Assets	646,529	558,444	551,954
Investment in Associated Companies	191,624	169,070	187,036
Investments	8,987,361	7,329,360	7,783,896
Pension Plan Assets	131,002	101,459	129,186
Value to Shareholders of In Force			
Long-Term Business	465,562	318,581	432,471
Goodwill	<u>312,595</u>	<u>91,252</u>	<u>313,816</u>
	10,734,673	8,568,166	9,398,359
Current Assets	2,654,890	1,975,848	2,168,353
Deterred Tax Asset	51,626	8,641	10,392
Total Assets	<u>13,441,189</u>	<u>10,552,655</u>	<u>11,577,104</u>
Shareholders' Equity			

Share Capital	1,083,179	478,733	1,070,367
Reserves	(176,050)	(45,029)	(230,229)
Retained Earnings	<u>1,990,379</u>	<u>1,358,708</u>	<u>1,661,293</u>
	<u>2,897,508</u>	<u>1,792,412</u>	<u>2,501,431</u>
Minority Interests	<u>14,215</u>	<u>485,768</u>	<u>14,605</u>
Post Retirement Benefit Obligations	43,660	-	42,480
Medium Term Debt	981,577	1,128,007	1,064,784
Deferred Tax	139,770	22,601	113,528
Insurance Funds	<u>7,341,437</u>	<u>6,020,551</u>	<u>6,175,930</u>
	<u>8,506,444</u>	<u>7,171,159</u>	<u>7,396,722</u>
Current Liabilities	<u>2,023,022</u>	<u>1,103,316</u>	<u>1,664,346</u>
Total Liabilities	<u>10,529,466</u>	<u>8,274,475</u>	<u>9,061,068</u>
Total Equity and Liabilities	<u>13,441,189</u>	<u>10,552,655</u>	<u>11,577,104</u>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Sept. 2004 \$TT'000	Unaudited Sept. 2003 \$TT'000	Audited Dec. 2003 \$TT'000
Balance at the Start of the Period	2,501,431	1,105,394	1,123,376
Issue of Shares	12,812	6,080	597,714
Translation Adjustments	91,289	(147,402)	(250,540)
Other Reserve Movements	(17,553)	(6,275)	(5,504)
Profits Available for Distribution	412,617	854,270	1,055,629
Dividends	<u>(103,088)</u>	<u>(19,655)</u>	<u>(19,244)</u>
Balance at the End of the Period	<u>2,897,508</u>	<u>1,792,412</u>	<u>2,501,431</u>

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Sept. 2004 \$TT'000	Unaudited Sept. 2003 \$TT'000	Audited Dec. 2003 \$TT'000
Profit Before Taxation	439,764	954,815	1,273,653
Share of Profits of Associated Companies	14,342	(88,281)	(108,686)
Dividends from Associated Companies	588	31,603	30,515
Adjustments for Non-Cash Items	<u>543,298</u>	<u>(586,525)</u>	<u>(351,310)</u>
Operating Cash Flow Before Working Capital Changes	997,992	311,612	844,172
Net Working Capital Changes	(142,913)	129,693	12,437
Net Taxation (Paid)	<u>(28,241)</u>	<u>(16,757)</u>	<u>(25,839)</u>
Cash Flow from Operating Activities	826,838	424,548	830,770
Investing Activities	(766,935)	54,911	(756,983)
Financing Activities	<u>(185,622)</u>	<u>(152,292)</u>	<u>(164,365)</u>
(Decrease)/Increase in Short-term Funds	<u>(125,719)</u>	<u>327,167</u>	<u>(90,578)</u>

## Notes to Financial Statements:

Note 1 - These financial statements have been prepared in accordance with International Accounting Standards.

Note 2 - The non-recurrent Items include the following:

Gain: on Sale of shares in RBTTFH Ltd	-	194,577	194,577
Mark to Market adjustment on residual investment in RBTTFH Ltd.	-	486,231	486,231
Non-recurrent expense	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>680,808</u>	<u>680,808</u>

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