

Guardian Holdings Limited

Fourth Quarter Results To December 31, 2004

CHAIRMAN'S STATEMENT

For the year ended December 31st 2004 the GHJ group again achieved excellent results. Operating Profit rose by 52% to \$831.7 million from \$545.6 million in 2003. This increase was recorded despite the substantial losses incurred as a result of the damage wrought by four hurricanes in various territories in the Caribbean and Florida in which our general insurance subsidiaries write business. The provision for these losses amounting to TT\$147 million (US\$23 million) was however, offset by the exceptionally fine performance of our life insurance and asset management companies. Profit attributable to shareholders was \$583.2 million or \$3.05 per share, and compares with the \$2.25 per share achieved in 2003 before non-recurrent items, an increase of 36%.

Group revenues were 30% higher in 2004 due mainly to the acquisition of the Link Insurance group in the United Kingdom and Gibraltar which was consummated in late 2003. Total revenue in the General Insurance sub-group rose by 66% from \$632 million to \$1,050 million, while total revenue in the Life, Health and Pensions sub-group increased by 13% from \$1,456 million to \$1,650 million. The group's total assets grew by 19% to \$13.8 billion (US\$2.2 billion), reflecting an increase of 20% in Investments and growth of 18% in Insurance Funds.

Despite the significant hurricane losses, our general insurance division was able to record a profit for the year, mainly due to the contribution of the recent acquisitions in the UK and Gibraltar. The board of directors feels justifiably proud of this achieve-

ment and view it as a vindication of our strategy of diversification of our general insurance business outside the catastrophe-prone Caribbean.

After taking into account the hurricane losses, which amounted to 77 cents per share, and the consequential impact on cash flow, directors have determined that the Company has the resources to meet shareholders' dividend expectations and are pleased to announce a final dividend of 38 cents per share, bringing the total dividend for 2004 to 50 cents per share. This decision emphasizes the importance the board attaches to the prudent management of all aspects of the Company's business.

Your directors have fixed March 31, 2005 as the Record Date for determination of shareholders entitled to payment of this dividend. The register of members will be closed from March 31 to April 1, 2005, both days inclusive. Dividend cheques will be mailed out on April 7, 2005. The Annual General Meeting of the company will take place on April 18, 2005.

Arthur Lok Jack
Chairman

Consolidated Profit and Loss Statement

	Audited 12-Months Dec. 2004 \$TT'000	Audited 12-Months Dec. 2003 \$TT'000	Unaudited 3-Months Dec. 2004 \$TT'000
Revenue	<u>3,667,334</u>	<u>2,826,856</u>	<u>1,140,516</u>
Operating Profit	831,718	545,588	288,043
Share of (Losses)/Profits of Associated Companies	<u>(71,863)</u>	<u>108,686</u>	<u>(57,521)</u>
	759,855	654,274	230,522
Finance Charges	(105,135)	(118,670)	(30,068)
Good will Net of Negative Goodwill	32,962	57,241	47,464
Non-recurrent Items (Note 2)	<u>-</u>	<u>680,808</u>	<u>-</u>

Profit before Taxation	687,682	1,273,653	247,918
Taxation	<u>(103,452)</u>	<u>(162,331)</u>	<u>(77,171)</u>
Profit after Taxation	584,230	1,111,322	170,747
Minority Interests	<u>(1,010)</u>	<u>(55,693)</u>	<u>(144)</u>
Profit Attributable to Shareholders	583,220	1,055,629	170,603
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Earnings Per Share - Basic			
Before non-recurrent items	3.05	2.25	
Attributable to non-recurrent items	<u>-</u>	<u>4.10</u>	
Total	3.05	6.35	
	=====	=====	
Earnings Per Share - Diluted			
Before non-recurrent items	3.00	2.22	
Attributable to non-recurrent items	<u>-</u>	<u>4.03</u>	
Total	3.00	6.25	
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Consolidated Balance Sheet

	Audited	Audited
	Dec. 2004	Dec. 2003
	\$TT'000	\$TT'000
Property, Plant and Equipment	404,396	376,700
Investment in Associated Companies	176,014	187,036
Investments	9,123,040	7,598,242
Investment Properties	425,530	360,908
Pension Plan Assets	242,431	129,186
Value to Shareholders of In-Force		
Long-Term Business	477,387	432,471
Goodwill	362,392	313,816
Deferred Tax Asset	<u>64,223</u>	<u>10,392</u>
	11,275,413	9,408,751
Current Assets	<u>2,491,187</u>	<u>2,168,353</u>

Total Assets	13,766,600	11,577,104
	=====	=====
Shareholders' Equity		
Share Capital	1,084,742	1,070,367
Reserves	(99,063)	(230,229)
Retained Earnings	2,162,833	1,661,293
	<u>3,148,512</u>	<u>2,501,431</u>
Minority Interests	14,141	14,605
Post Retirement Benefit Obligations	47,059	42,480
Medium Term Debt	1,252,646	1,064,784
Deferred Tax Liability	217,580	113,528
Insurance Funds	7,278,214	6,175,930
	<u>8,795,499</u>	<u>7,396,722</u>
Current Liabilities	1,808,448	1,664,346
Total Liabilities	<u>10,603,947</u>	<u>9,061,068</u>
Total Equity & Liabilities	13,766,600	11,577,104
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Consolidated Statement of Changes in Equity

	Audited Dec. 2004 \$TT'000	Audited Dec. 2003 \$TT'000
Balance at the Start of the Period	2,501,431	1,123,376
Issue of Shares	14,375	597,714
Surplus on Revaluation of Properties	26,959	-
Translation Adjustments	140,362	(250,540)
Other Reserve Movements	(14,746)	(5,504)
Profits Attributable to Shareholders	583,220	1,055,629
Dividends	<u>(103,089)</u>	<u>(19,244)</u>
Balance at the End of the Period	3,148,512	2,501,431
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Consolidated Cash Flow Statement

	Audited Dec. 2004 \$TT'000	Audited Dec. 2003 \$TT'000
Profit Before Taxation	687,682	1,273,653
Share of Losses/(Profits) of Associated Companies	71,863	(108,686)
Dividends from Associated Companies	5,293	30,515
Adjustments for Non-Cash Items	<u>171,039</u>	<u>(422,544)</u>
Operating Cash Flow Before Working Capital Changes	935,877	772,938
Net Working Capital Changes	409,892	27,351
Net Taxation Paid	<u>(45,508)</u>	<u>(25,839)</u>
Cash Flow from Operating Activities	1,300,261	774,450
Investing Activities	(1,295,414)	(808,788)
Financing Activities	<u>(134,566)</u>	<u>(56,240)</u>
Decrease in Short-term Funds	<u>(129,719)</u>	<u>(90,578)</u>
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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 RBTTFH Ltd	-	194,577
Mark to Market adjustment on residual investment in RBTTFH Ltd,	<u>-</u>	<u>486,231</u>
	-	680,808
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