

CHAIRMAN'S STATEMENT

Guardian Holdings Limited (GHL) recorded a satisfactory result of US\$15.9 million for quarter ended September 30, 2005. This result was achieved in spite of the dismal performance of equity markets in our home markets and externally. Notwithstanding the solid third quarter performance, GHL's after tax profits for the nine months ended September 30 amounted to US\$39.9 million, 30% lower than those of the corresponding period of 2004.

Whilst key operational performance targets throughout the group have largely been met the results have been affected significantly by the poor returns on our investment portfolios in Trinidad and Tobago and Jamaica. The composite indices of the Trinidad and Tobago and Jamaica stock exchanges were 1% up and 8% down respectively versus increases of 39% and 48% during the corresponding period last year. In accordance with International Financial Reporting Standards, GHL has therefore booked a "mark to market" fair value adjustment in respect of Financial Instruments to reflect this decline.

Total revenue has increased by 29% over 2004 attaining US\$517.8 million. The principal contributor was the premium income derived from the newly acquired Zenith Insurance Limited. Within the general insurance division, excellent results were registered by the Caribbean based operations with much improved claims and expense ratios. In the UK, the cyclical "soft market" conditions are being experienced with attendant pressure on premium rates and margins.

Premiums within our life, health and pensions division continued to grow at rates in excess of plan and prior year while GHL's asset management companies have also exceeded their targets during this period.

It bears repeating that GHL's investment strategy is framed within the objectives of superior long term returns and diversification of risk. The equity component of our investment portfolios, in contributing to these strategic objectives will, under prevailing accounting conventions, introduce volatility to reported results. Short-term market fluctuations are, however, no indicator of long term profitability nor vitality of life and pensions businesses. Accordingly, while our reported profits have been adversely affected by the decline in the Equity Markets, your Board and Management remain focused on the key indicators of sustainable value creation within the long term business. We also remain confident that total investment returns of our portfolios will deliver above-average results to the benefit of policyowners and shareholders alike.



Arthur Lok Jack
Chairman

Consolidated Profit And Loss Statement

	Unaudited 9 months Sept. 2005 US\$'000	Unaudited 9 months Sept. 2004 US\$'000	Audited 12 months Dec. 2004 US\$'000	Unaudited 3-months Sept. 2005 US\$'000	Unaudited 3-months Sept. 2004 US\$'000
Revenue	517,841	402,648	584,389	163,916	108,045
Operating Profit	59,604	86,634	132,534	23,415	(11,919)
Share of Profits/(Losses) of Associated Companies	4,316	(2,285)	(11,451)	3,256	(185)
	63,920	84,349	121,083	26,671	(12,104)
Finance Charges	(15,166)	(11,962)	(16,753)	(6,862)	(4,187)
Goodwill Net of Negative Goodwill	-	(2,311)	5,252	-	(719)
Profit Before Taxation	48,754	70,076	109,582	19,809	(17,010)
Taxation	(8,604)	(4,188)	(16,485)	(3,828)	2,555
Profit after Taxation	40,150	65,888	93,097	15,981	(14,455)
Minority Interests	(195)	(138)	(161)	(40)	(14)
Profit Attributable to Shareholders	39,955	65,750	92,936	15,941	(14,469)
Earnings Per Share - Basic	0.21	0.34	0.49		
Earnings Per Share - Diluted	0.20	0.34	0.48		

Consolidated Balance Sheet

	Unaudited Sept. 2005 US\$'000	Unaudited Sept. 2004 US\$'000	Audited Dec. 2004 US\$'000
Property, Plant and Equipment	66,671	103,024	64,441
Investment in Associated Companies	23,976	30,535	28,048
Financial Assets	1,629,764	1,382,242	1,453,755
Investment Properties	69,815	49,893	67,808
Pension Plan Assets	14,594	20,875	38,631
Value to Shareholders of In-force Long-term Business	78,841	74,187	76,072
Goodwill	140,295	49,812	57,747
Reinsurance Assets	179,694	-	-
Deferred Tax Asset	8,860	8,227	10,234
	2,212,510	1,718,795	1,796,736
Current Assets	529,772	423,056	396,970
Total Assets	2,742,282	2,141,851	2,193,706
Shareholders' Equity			
Share Capital	239,018	172,604	172,853
Reserves	(29,946)	(28,053)	(15,786)
Retained Earnings	366,869	317,167	344,648
	575,941	461,718	501,715
Minority Interests	2,367	2,265	2,253
	578,308	463,983	503,968
Post Retirement Benefit Obligations	7,994	6,957	7,499
Medium Term Debt	188,400	156,414	199,609
Deferred Tax Liability	34,355	22,272	34,671
Investment Contracts	57,203	-	-
Insurance Contracts	1,543,050	1,169,857	1,159,782
	1,831,002	1,355,500	1,401,561
Current Liabilities	332,972	322,368	288,177
Total Liabilities	2,163,974	1,677,868	1,689,738
Total Equity & Liabilities	2,742,282	2,141,851	2,193,706

Consolidated Statement Of Changes In Equity

	Unaudited Sept. 2005 US\$'000	Unaudited Sept. 2004 US\$'000	Audited Dec. 2004 US\$'000
Balance at the Start of the Period	501,715	398,603	398,603
Issue of Shares	63,490	2,042	2,291
Employee Share Options	1,020	-	-
Surplus on Revaluation of Properties	-	-	4,296
Translation Adjustments	(13,007)	14,546	22,366
Other Reserve Movements	(808)	(2,796)	(2,350)
Profits Attributable to Shareholders	39,955	65,750	92,936
Dividends	(16,424)	(16,427)	(16,427)
Balance at the End of the Period	575,941	461,718	501,715

Consolidated Cash Flow Statement

	Unaudited Sept. 2005 US\$'000	Unaudited Sept. 2004 US\$'000	Audited Dec. 2004 US\$'000
Profit Before Taxation	48,754	70,076	109,582
Adjustments for Non-Cash Items	126,744	88,860	38,706
Net Working Capital Changes	22,342	(22,773)	65,316
Interest Paid	(31,509)	(22,468)	(30,223)
Net Taxation Paid	(3,676)	(4,500)	(7,252)
Cash Flow from Operating Activities	162,655	109,195	176,129
Investing Activities	(168,517)	(122,118)	(189,492)
Financing Activities	173,030	(7,110)	(7,308)
Increase/(Decrease) in Cash and Cash Equivalents	167,168	(20,033)	(20,671)

These financial statements have been prepared in accordance with International Financial Reporting Standards.
Conversion Rate: US\$1.00; TT\$6.2755