

Chairman's Statement

My dear fellow Shareholders,

The Guardian Group has enjoyed a successful quarter although the final outcome was adversely impacted by measures aimed at removing impediments to the achievement of the Group's full potential.

It will be recalled that over a period of time the Group's performance has been impaired by fair value losses from our portfolio of investments and the underperformance of our motor insurance business in the United Kingdom. It will also be recalled that we had given the assurance that measures were being put in place to eliminate these hindrances to our progress.

We have now substantially restructured the investment portfolios of Group companies in order to reduce exposure to market price volatility. This has produced very positive results as, on a comparable basis, investment income increased by 13% to \$674M. At the same time we succeeded in recapturing the prior period's fair value losses of \$141 million with reported gains of \$156 million. Every opportunity will be taken to "lock in" these gains as we pursue the strategy of reduced risk tolerance.

We have also continued work on the disposal of our UK motor insurance business. However, during the quarter under review we have decided to put Zenith economically behind us by writing off 100% of the associated Goodwill and effectively writing down its net asset value to zero. We have also taken a further charge of \$71 million related to other discontinued business. These actions "ring fence" our core businesses from any further losses from these discontinued operations. The total charge on our earnings from these measures amounts to \$896 million, \$765 million of which represent non cash items. The continuing good performance of our core businesses produced a net after tax profit of \$241 million, which when applied to the losses of the discontinued operations results in a net loss of \$655 million through September 30th, 2009.

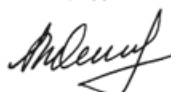
It is important for me to emphasize to all customers, shareholders, and other stakeholders that Guardian is a financial powerhouse that is big enough and financially robust enough to take this hit yet still remain one of the strongest financial institutions in the region. The write-off of Zenith has absolutely no spill-over effects on our core businesses which operate independently from Zenith. In fact, the capital and reserves of Guardian Life of the Caribbean remain significantly above the required minimum levels. Our other core companies, Guardian General, Guardian Life in Jamaica, Guardian Asset Management and Fatum in the Dutch Caribbean continue to hold capital and reserves in excess of all regulatory capital requirements.

In order to facilitate comparison of this year's result to date with that of 2008, we have restated the prior period eliminating one-time, non recurring items such as the sale of Grupo Mundial and the sale of the Group's shareholdings in RBTT/RBC. In addition, for the 2009 results we have isolated the effects of our discontinued operations. The adjusted presentation demonstrates the strong and sustainable business that our continuing operations produce. The Group's adjusted operating profit before fair value movements from continued operations amounted to \$320 million as compared to \$262 million in 2008, an increase of 22%. After fair value movements, the Group's operating profit increased to \$476 million compared to \$120 million in 2008. It should also be noted that without the discontinued operations the Group realized a net after tax profit of \$241 million and generated a net cash flow from operations, including those discontinued, of \$343 million for the nine (9) month period.

In the current difficult economic climate where many businesses are experiencing reduced revenues, our insurance sales performed very well and on an adjusted basis our net insurance premium increased by 6.5%. This is a reflection of the confidence which our clients continue to repose in the Group and this augurs well for the future.

Throughout the year we continued our efforts to improve the efficiency of our operations. Our new CEO has embarked on a programme of reorganizing the Group in order to maximise synergies, reduce costs and improve overall performance. The first positive signs of the success of this effort can be seen in the reduced expenses of \$61 million from our operations.

We have taken the tough but necessary decision, this quarter, to write the final chapter of the Zenith story. While this chapter has not been a good one, the remaining chapters that make up the book on GHL collectively describe the Group's solid foundation for delivering high quality earnings and shareholder value. We anticipate continued market improvements since the last quarter of the year has traditionally been a strong quarter for life insurers. The action we have taken during the third quarter has therefore cleared the decks for us and has positioned the Group to take advantage of the many interesting opportunities presented to us.



ARTHUR LOK JACK
CHAIRMAN

Consolidated Income Statement

	Unaudited 9-Months Sep 2009 TT\$'000	Unaudited 9-Months Sep 2008 TT\$'000 (Restated)	Unaudited 3-Months Sep 2009 TT\$'000	Unaudited 3-Months Sep 2008 TT\$'000 (Restated)	Audited 12-Months Dec 2008 TT\$'000 (Restated)
Insurance premium income	2,765,002	2,636,714	791,508	876,628	4,021,111
Insurance premium ceded to reinsurers	(514,921)	(526,047)	(137,215)	(181,518)	(749,845)
Net insurance premium income	2,250,081	2,110,667	654,293	695,110	3,271,266
Investment income	674,104	594,313	215,255	204,729	839,063
Fee & commission income	104,423	104,463	35,261	36,762	148,410
Other operating income	160,948	143,529	75,006	31,553	316,030
Total revenue	3,189,556	2,952,972	979,815	968,154	4,574,769
Net insurance benefits and claims Expenses	(1,762,304)	(1,522,611)	(572,863)	(529,234)	(2,309,347)
Operating profit before fair value gains / (losses)	319,806	261,973	96,317	63,136	782,002
Fair value gains / (losses)	156,836	(141,589)	89,578	(10,428)	(462,066)
Operating profit	476,642	120,384	185,895	52,708	319,936
Share of (loss) / profit of associated companies	(6,231)	10,482	3,739	2,770	23,055
Finance charges	(85,984)	(106,571)	(34,459)	(30,415)	(145,272)
Profit before taxation	384,427	24,295	155,175	25,063	197,719
Taxation	(129,931)	(47,962)	(54,976)	(12,070)	(22,520)
Profit / (loss) after taxation	254,496	(23,667)	100,199	12,993	175,199
Amount attributable to participating policyholders	(12,614)	(17,376)	(6,162)	14,073	(4,019)
Profit / (loss) for the year from continuing operations	241,882	(41,043)	94,037	27,066	171,180
Goodwill impairment and provision for investments	(397,749)	-	(397,749)	-	(256,568)
Discontinued operations	(499,188)	(33,897)	(411,811)	(31,385)	(357,675)
Net gain on sale of equity investments	-	596,119	-	31,442	583,625
(Loss) / profit for the period	(655,055)	521,179	(715,523)	27,123	140,562
(Loss) / profit attributable to:					
Owners of the parent	(656,548)	519,809	(715,874)	26,762	137,601
Non-controlling interests	1,493	1,370	351	361	2,961
	(655,055)	521,179	(715,523)	27,123	140,562
Earnings per share:					
Basic	(\$3.25)	\$2.57			\$0.68
Diluted	(\$3.14)	\$2.49			\$0.66
Earnings per share for continuing operations:					
Basic	\$1.19	(\$0.21)			\$0.83
Diluted	\$1.15	(\$0.20)			\$0.81

Third Quarter Results to September 30, 2009



Consolidated Statement of Financial Position

	Unaudited Sep 2009 TT\$'000	Audited Dec 2008 TT\$'000 (Restated)	Unaudited Sep 2008 TT\$'000 (Restated)
ASSETS			
Property, plant and equipment	1,015,277	917,907	866,205
Investment properties	636,456	614,258	618,957
Intangible assets	264,571	281,445	294,450
Investment in associated companies	134,167	142,595	135,433
Financial assets	11,000,186	10,268,183	10,236,875
Loans and receivables	929,641	967,982	702,918
Pension plan assets	88,227	80,573	128,601
Value to shareholders of inforce long-term business	661,552	665,573	659,323
Deferred tax asset	35,572	65,701	63,682
Reinsurance assets	440,133	359,278	397,399
Segregated funds' assets	397,954	386,585	447,555
Deferred acquisition costs	491,804	427,524	450,442
Taxation recoverable	143,603	128,059	141,531
Cash and cash equivalents	2,377,951	2,391,892	2,937,782
Other assets	1,321,150	1,209,380	1,124,121
Assets of discontinued operations	2,817,731	2,987,388	4,002,984
Total assets	22,755,975	21,894,323	23,208,258
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	1,545,962	1,539,271	1,543,500
Reserves	(295,321)	(346,968)	(168,894)
Retained earnings	1,641,145	1,566,990	1,622,896
Equity of discontinued operations	(307,296)	340,617	791,971
	2,584,490	3,099,910	3,789,473
Non-controlling interests	105,342	101,659	102,291
Total equity	2,689,832	3,201,569	3,891,764
LIABILITIES			
Insurance contracts	10,461,252	9,662,912	9,542,748
Financial liabilities	4,985,832	4,980,812	5,063,101
Segregated funds' liabilities	397,954	386,585	447,555
Post retirement medical benefit obligations	83,435	71,673	58,679
Deferred tax liability	250,760	240,918	217,881
Provision for taxation	94,518	76,436	118,435
Other liabilities	667,365	626,647	657,082
Liabilities of discontinued operations	3,125,027	2,646,771	3,211,013
Total liabilities	20,066,143	18,692,754	19,316,494
Total equity and liabilities	22,755,975	21,894,323	23,208,258

Consolidated Statement of Comprehensive Income

	Unaudited 9-Months Sep 2009 TT\$'000	Unaudited 9-Months Sep 2008 TT\$'000 (Restated)	Unaudited 3-Months Sep 2009 TT\$'000	Unaudited 3-Months Sep 2008 TT\$'000 (Restated)	Audited 12-Months Dec 2008 TT\$'000 (Restated)
(Loss) / profit for the period	(655,055)	521,179	(715,523)	27,123	140,562
Other comprehensive income / (loss):					
Exchange differences on					
translating foreign operations	238,108	(194,532)	196,495	(128,621)	(511,372)
Loss on hedging reserve	(4,604)	-	(6,418)	-	-
Gains on property revaluation	-	3,136	-	22	20,818
Other reserve movements	2,265	(708)	3,231	(388)	(13,455)
Other comprehensive					
income / (loss) for the period	235,769	(192,104)	193,308	(128,987)	(504,009)
Total comprehensive					
(loss) / income for the period	(419,286)	329,075	(522,215)	(101,864)	(363,447)
Total comprehensive (loss) / income attributable to:					
- Owners of the parent	(424,048)	327,625	(526,442)	(98,997)	(365,281)
- Non-controlling interests	4,762	1,450	4,227	(2,867)	1,834
	(419,286)	329,075	(522,215)	(101,864)	(363,447)

Consolidated Statement Of Changes In Equity

	Unaudited Sep 2009 TT\$'000	Audited Dec 2008 TT\$'000 (Restated)	Unaudited Sep 2008 TT\$'000 (Restated)
Balance at the beginning of the year	3,201,569	3,626,428	3,626,428
Total comprehensive income / (loss) for the period	(419,286)	(363,447)	329,075
Issue of shares - minority interest	-	43,889	44,905
Share option scheme - issue of shares	-	12,413	12,413
Share option scheme - value of services provided	7,243	14,276	10,933
Repurchase of shares	(1,529)	-	-
Dividends	(98,165)	(131,990)	(131,990)
Balance at the end of the period	2,689,832	3,201,569	3,891,764

Consolidated Cash Flow Statement

	Unaudited Sep 2009 TT\$'000	Audited Dec 2008 TT\$'000 (Restated)	Unaudited Sep 2008 TT\$'000 (Restated)
Profit before taxation from continuing operations	384,427	197,719	24,295
Loss before taxation from discontinued operations	(897,042)	(356,058)	(33,897)
Adjustment for specific items included on the accruals basis:			
- Interest expense	85,984	145,272	106,571
- Investment income	(696,678)	(909,964)	(658,025)
Interest and dividends received	759,804	739,118	563,168
Adjustments for non-cash items	827,998	198,139	(57,922)
Operating profit / (loss) before changes			
in operating assets / liabilities	464,493	14,226	(55,810)
Net increase in insurance liabilities	798,340	170,026	595,772
Net (purchases) / proceeds from sale of financial assets	(539,110)	(549,775)	140,763
Net movement in other operating assets and liabilities	(276,311)	216,549	(85,202)
Cash provided by / (used in) operating activities	447,412	(148,974)	595,523
Interest paid	(60,610)	(148,573)	(99,126)
Net taxation paid	(43,883)	(66,088)	(67,000)
Net cash provided by / (used in) operating activities	342,919	(363,635)	429,397
Net cash (used in) / provided by investing activities	(137,579)	563,820	613,399
Net cash (used in) / provided by financing activities	(179,656)	(26,242)	(140,351)
Net increase in cash and cash equivalents	25,684	173,943	902,445

Segment Information

	Long-term Insurance Business TT\$'000	Short-term Insurance Business TT\$'000	Asset Management TT\$'000	Other TT\$'000	Discontinued Operations TT\$'000	Total Group TT\$'000
Nine months ended 30 Sep 2009						
Total segment revenue	1,738,289	1,875,997	81,351	162,909	-	3,858,546
Inter-segment revenue	(73,486)	(490,137)	(11,751)	(93,616)	-	(668,990)
Revenue from external customers	1,664,803	1,385,860	69,600	69,293	-	3,189,556
Operating profit / (loss)						
before fair value gains / (losses)	105,841	191,753	40,688	(18,476)	-	319,806
Fair value gains / (losses)	84,253	22,407	50,562	(386)	-	156,836
Operating profit / (loss)	190,094	214,160	91,250	(18,862)	-	476,642
Nine months ended 30 Sep 2008						
Total segment revenue	1,611,917	1,421,871	61,140	675,259	-	3,770,187
Inter-segment revenue	(201,358)	(11,882)	(12,423)	(591,552)	-	(817,215)
Revenue from external customers	1,410,559	1,409,989	48,717	83,707	-	2,952,972
Operating profit / (loss)						
before fair value gains losses	59,012	217,410	17,804	(32,253)	-	261,973
Fair value gains / (losses)	(102,528)	(12,489)	(25,469)	(1,103)	-	(141,589)
Operating profit / (loss)	(43,516)	204,921	(7,665)	(33,356)	-	120,384
Total assets						
30 September 2009	11,928,769	4,848,993	1,804,424	1,356,058	2,817,731	22,755,975
31 December 2008	11,675,859	4,217,271	1,769,851	1,243,954	2,987,388	21,894,323
30 September 2008	11,949,082	3,652,558	1,842,581	1,761,053	4,002,984	23,208,258

Notes:

- (a) The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2008. For comparative purposes, adjustments and reclassifications to prior year numbers have been made to conform to the current year reporting.
- (b) From this financial year the International Financial Reporting Standards require the Group to present (i) a new statement and (ii) an additional disclosure in its quarterly publication. The new statement, in compliance with IAS 1 - Presentation of Financial Statements, is the Statement of Comprehensive Income which incorporates all non-owner changes in equity such as currency translation adjustments, surpluses on revaluation of properties, etc. These changes were previously presented separately in the Statement of Changes in Equity. The additional disclosure is on Segment Information in accordance with IFRS 8 - Operating Segments.