

## Third Quarter Results to September 30, 2010

### Chairman's Statement

#### My dear fellow shareholders,

The third quarter of the year was marked by a number of highlights, the most significant of which was the unanimous approval by our shareholders of our transaction with the International Finance Corporation at an Extraordinary General Meeting. The transaction was closed on September 2, 2010, and resulted in the IFC investing US\$25 million into the common equity of GHL, while at the same time converting their US\$50 million subordinated debt into common equity. All of the new equity was issued at a substantial premium above GHL's market price and reflects the confidence IFC has in the future growth of our Group.

Consequent to this transaction, 29,695,313 new common shares were issued to the IFC. This had positive effects both on our income statement and on our balance sheet. The issuance of new common shares at a premium boosted our profits as we booked a net realized gain of \$28 million. On the balance sheet side, shareholders' equity was increased by \$397 million. Together with the reduction in debt, this lowered both our debt to total capital ratio, from 43% to 34%, and our debt to equity ratio from 75% to 51%. These improved leverage ratios give the Group better financial flexibility to carry out our strategic expansion plans.

GHL's year to date after tax profits, before taking a charge for the disposal of our Jamaican asset management business, amounted to \$284 million, a 12% improvement over last year's comparable figure, which excludes the effect of the write down of Zenith Insurance which the Group took in the third quarter of last year. The third quarter of the year traditionally has been the slowest quarter for sales as evidenced by our relatively flat top line in the quarter versus the previous quarter. However, this should not be taken as a trend as we continue to experience strong sales despite the continued difficult economic climate. This can be demonstrated by comparing last year's third quarter to this year's third quarter where we experienced an increase of 35%, and in our year to date top line growth, which continues to increase at double digit amounts. Our gross written premium is up over 14%, while our net written premium is up 17% over the comparable 2009 period.

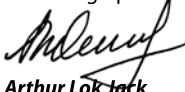
Operating profits before fair value movements amounted to \$293 million, down \$28 million from last year. The decrease in operating profits was driven solely from our International Property and Casualty business which produced an operating loss of \$89 million. This loss arose primarily from the Chilean earthquake and the need to strengthen our loss reserves in our Lloyds of London motor business. The board of directors of this group has taken the decision to cease writing this line of business. We fully expect the losses in this business segment to be greatly reduced by year end. The operating profits before fair value movements for the rest of our insurance operations were very strong, with our Life Health and Pension business producing \$245 million, an improvement of 25% over last year, while our Caribbean Property and Casualty business produced \$143 million of operating profits year to date.

Our investment activities, which comprise our proprietary investments related to our insurance business, as well as our third-party asset management business, both of which are managed by Guardian Asset Management, performed well during the period. Investment income amounted to \$646 million and fair value movements resulted in a gain of \$192 million. The Group continues to look for opportunities to crystallize these gains, and has booked realized gains for the year of \$81 million. Taken together, GHL's insurance and investment activities produced profits before tax of \$429 million year to date as compared to \$394 million last year, an improvement of 9%.

As previously announced, during the quarter GHL closed on the sale of its Jamaican asset management business, whose business, unlike that of Guardian Asset Management in Trinidad and Tobago, was non-core. Upon disposal, the Group took a non-cash accounting charge of \$65 million.

While the above commentary has been restricted to the third quarter accounting period, we would be remiss if we did not comment on hurricane Tomas, which affected many of the Caribbean islands, in particular Barbados, St. Lucia, St. Vincent, and Curacao. Fortunately the storm packed more rain than wind, and we do not expect losses from this hurricane to have a material effect on our year end profits. Just as important as that is to our shareholders, it is events like these where Guardian stands out as the best in serving its policyholders, helping both individuals and businesses get themselves back to normal.

Looking out towards the end of this year, as has been the case historically, barring extraordinary events, we see a very strong last quarter and expect to exceed last year's earnings per share from continuing operations of \$1.72.



**Arthur Lok Jack**  
Chairman  
November 15, 2010

#### Forward Looking Statements

This statement may contain certain forward-looking statements, including, but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes" or "estimates", the negative of these terms and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

### Consolidated Income Statement

	Unaudited 9-Months Sep 2010 TT\$'000	Unaudited 9-Months Sep 2009 TT\$'000 (Restated)	Unaudited 3-Months Sep 2010 TT\$'000	Unaudited 3-Months Sep 2009 TT\$'000 (Restated)	Audited 12-Months Dec 2009 TT\$'000
Gross premiums written	3,472,371	3,024,926	1,038,086	769,367	4,247,838
Reinsurance ceded	(656,309)	(617,367)	(218,399)	(141,398)	(753,363)
Net premiums written	2,816,062	2,407,559	819,687	627,969	3,494,475
Net movement in unearned premiums	23,324	(157,478)	100,877	26,324	(190,767)
Net insurance premium income earned	2,839,386	2,250,081	920,564	654,293	3,303,708
Investment income	645,910	714,683	214,741	238,642	939,843
Fee & commission income	109,501	97,032	42,438	32,046	142,924
Other operating income	126,233	101,542	85,832	11,712	156,176
Total revenue	3,721,030	3,163,338	1,263,575	936,693	4,542,651
Net insurance benefits and claims	(2,148,590)	(1,762,304)	(738,308)	(572,858)	(2,392,236)
Policy acquisition expenses	(756,192)	(591,344)	(250,355)	(160,672)	(914,568)
Operating expenses	(522,775)	(488,363)	(166,929)	(131,069)	(704,286)
Operating profit	293,473	321,327	107,983	72,094	531,561
Fair value gains	191,591	155,895	18,587	93,839	57,062
Operating profit	485,064	477,222	126,570	165,933	588,623
Share of profit / (loss) of associated companies	12,011	(1,298)	3,991	4,027	15,573
Finance charges	(68,055)	(81,736)	(23,736)	(30,235)	(110,286)
Profit before taxation	429,020	394,188	106,825	139,725	493,910
Taxation					
- Current tax	(95,423)	(108,814)	(25,620)	(56,863)	(115,053)
- Deferred tax	(35,735)	(19,942)	(10,519)	2,433	(1,623)
Profit after taxation	297,862	265,432	70,686	85,295	377,234
Amount attributable to participating policyholders	(14,353)	(12,614)	(5,220)	(6,162)	(6,398)
Net loss on sale of subsidiary	283,509	252,818	65,466	79,133	370,836
Net (loss) on discontinued operations	(65,665)	-	(65,665)	-	-
Profit / (loss) for the period	(7,031)	(896,937)	(6,210)	(786,097)	(1,191,863)
Profit / (loss) for the period	210,813	(644,119)	(6,409)	(706,964)	(821,027)
Profit / (loss) attributable to:					
Owners of the parent	190,223	(662,691)	(14,479)	(715,056)	(844,707)
Non-controlling interests	20,590	18,572	8,070	8,092	23,680
	210,813	(644,119)	(6,409)	(706,964)	(821,027)
Earnings / (loss) per share:					
Basic	\$0.93	(\$3.28)			(\$4.18)
Diluted	\$0.90	(\$3.17)			(\$4.04)

### Consolidated Statement of Comprehensive Income

	Unaudited 9-Months Sep 2010 TT\$'000	Unaudited 9-Months Sep 2009 TT\$'000 (Restated)	Unaudited 3-Months Sep 2010 TT\$'000	Unaudited 3-Months Sep 2009 TT\$'000 (Restated)	Audited 12-Months Dec 2009 TT\$'000
Profit / (loss) for the period	210,813	(644,119)	(6,409)	(706,964)	(821,027)
Exchange differences on translating foreign operations	42,748	241,748	51,675	196,494	284,343
Gains on property revaluation	-	-	-	-	10,824
Net gain on available-for-sale financial assets of mutual funds	88,300	87,894	39,011	41,532	92,819
Actuarial losses on defined benefit pension plans	-	-	-	-	(49,697)
Reserve movements	220	2,267	3,706	3,233	1,677
Income tax relating to components of other comprehensive income	(788)	-	(804)	-	181
Other comprehensive income for the period	130,480	331,909	93,588	241,259	340,147
Total comprehensive income / (loss) for the period	341,293	(312,210)	87,179	(465,705)	(480,880)
Total comprehensive income / (loss) attributable to:					
- Owners of the parent	264,086	(393,505)	46,931	(505,735)	(570,106)
- Non-controlling interests	77,207	81,295	40,248	40,030	89,226
	341,293	(312,210)	87,179	(465,705)	(480,880)

## Third Quarter Results to September 30, 2010

### Consolidated Statement of Financial Position

	Sep 2010 TT\$'000	Sep 2009 TT\$'000 (Restated)	Dec 2009 TT\$'000
<b>ASSETS</b>			
Property, plant and equipment	510,421	618,955	508,644
Investment properties	1,044,346	788,878	959,190
Intangible assets	252,606	249,687	270,232
Investment in associated companies	267,141	268,911	274,074
Financial assets	10,720,626	10,881,476	10,741,996
Financial assets of mutual fund unit holders	1,156,010	850,735	962,445
Loans and receivables	2,284,455	2,354,232	2,352,772
Pension plan assets	41,868	112,696	53,973
Value to shareholders of inforce long term business	622,053	566,222	583,705
Deferred tax asset	21,303	46,150	47,378
Reinsurance assets	547,590	445,585	408,138
Deferred acquisition costs	470,876	477,976	466,540
Taxation recoverable	157,767	147,419	158,295
Cash and cash equivalents	1,880,647	2,112,323	2,104,353
Cash and cash equivalents of mutual fund unit holders	120,761	41,634	130,308
Assets held for sale	918,386	2,817,731	1,319,239
	<u>21,016,856</u>	<u>22,780,610</u>	<u>21,341,282</u>
<b>Segregated funds</b>			
Segregated fund assets of life insurance policyholders	450,221	397,954	400,944
<b>Total assets</b>	<u>21,467,077</u>	<u>23,178,564</u>	<u>21,742,226</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	2,019,653	1,545,962	1,545,659
Reserves	(255,387)	(387,060)	(329,809)
Retained earnings	1,148,972	1,356,455	1,124,860
<b>Equity attributable to owners of the parent</b>	<u>2,913,238</u>	<u>2,515,357</u>	<u>2,340,710</u>
<b>Non-controlling interests</b>			
Mutual fund holders	1,072,282	732,753	866,167
Non-controlling interests in subsidiaries	103,763	105,342	105,429
<b>Total non-controlling interests</b>	<u>1,176,045</u>	<u>838,095</u>	<u>971,596</u>
<b>Total equity</b>	<u>4,089,283</u>	<u>3,353,452</u>	<u>3,312,306</u>
<b>LIABILITIES</b>			
Insurance contracts	11,457,006	10,453,099	10,511,045
Financial liabilities	3,151,579	4,846,365	4,844,724
Post retirement medical benefit obligations	76,142	60,220	69,498
Deferred tax liability	198,281	260,191	199,726
Provision for taxation	131,682	103,849	95,776
Other liabilities	854,807	578,407	860,608
Liabilities related to assets held for sale	1,058,076	3,125,027	1,447,599
	<u>16,927,573</u>	<u>19,427,158</u>	<u>18,028,976</u>
<b>Segregated fund liabilities of life insurance policyholders</b>	<u>450,221</u>	<u>397,954</u>	<u>400,944</u>
<b>Total liabilities</b>	<u>17,377,794</u>	<u>19,825,112</u>	<u>18,429,920</u>
<b>Total equity and liabilities</b>	<u>21,467,077</u>	<u>23,178,564</u>	<u>21,742,226</u>

These financial statements have been approved for issue by the Board of Directors on November 10, 2010 and signed on its behalf:

Director:  Director: 

### Consolidated Statement of Cash Flows

	Unaudited Sep 2010 TT\$'000	Unaudited Sep 2009 TT\$'000 (Restated)	Audited Dec 2009 TT\$'000
Profit before taxation from continuing operations	429,020	394,188	493,910
Loss before taxation from discontinued operations	(7,031)	(896,937)	(1,190,388)
Adjustment for specific items included on the accruals basis:			
- Interest expense	68,055	81,736	110,286
- Investment income	(645,910)	(714,683)	(939,843)
Interest and dividends received	684,000	768,402	899,147
Adjustments for non-cash items	(284,626)	1,169,490	1,241,426
Operating profit before changes in operating assets / liabilities	243,508	802,196	614,538
Net increase in insurance liabilities	945,958	785,125	843,071
Net purchases of financial assets	(542,877)	(408,846)	(1,029,316)
Net movement in other operating assets and liabilities	(34,676)	(703,157)	(1,051,088)
Cash provided by / (used in) operating activities	611,913	475,318	(622,795)
Interest paid	(69,855)	(60,610)	(99,268)
Net taxation paid	(38,383)	(43,227)	(73,826)
Net cash provided by / (used in) operating activities	503,675	371,481	(795,889)
Net cash (used in) / provided by investing activities	(47,785)	(38,580)	35,910
Net cash (used in) / provided by financing activities	(621,376)	(401,886)	513,844
Net decrease in cash and cash equivalents	(165,486)	(68,985)	(246,135)

### Segment Information

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Asset management TT\$'000	Other TT\$'000	Total Group TT\$'000
<b>Nine months ended 30 September 2010</b>					
Total segment revenue	2,314,013	1,732,559	94,072	393,139	4,533,783
Inter-segment revenue	(130,989)	(332,643)	(25,760)	(323,361)	(812,753)
<b>Revenue from external customers</b>	<u>2,183,024</u>	<u>1,399,916</u>	<u>68,312</u>	<u>69,778</u>	<u>3,721,030</u>
Operating profit / (loss) before fair value gains / (losses)	245,465	54,373	28,236	(34,601)	293,473
Fair value gains	125,676	9,106	88,949	(32,140)	191,591
<b>Operating profit / (loss)</b>	<u>371,141</u>	<u>63,479</u>	<u>117,185</u>	<u>(66,741)</u>	<u>485,064</u>
<b>Nine months ended 30 September 2009</b>					
Total segment revenue	2,090,684	1,540,093	115,418	99,321	3,845,516
Inter-segment revenue	(69,143)	(490,137)	(29,284)	(93,614)	(682,178)
<b>Revenue from external customers</b>	<u>2,021,541</u>	<u>1,049,956</u>	<u>86,134</u>	<u>5,707</u>	<u>3,163,338</u>
Operating profit / (loss) before fair value gains / (losses)	196,823	119,589	56,056	(51,141)	321,327
Fair value gains / (losses)	84,345	22,315	50,562	(1,327)	155,895
<b>Operating profit / (loss)</b>	<u>281,168</u>	<u>141,904</u>	<u>106,618</u>	<u>(52,468)</u>	<u>477,222</u>
<b>Total assets</b>					
30 September 2010	13,055,694	5,156,935	1,611,232	1,643,216	21,467,077
30 September 2009 (Restated)	12,190,603	7,496,323	2,494,984	996,654	23,178,564
31 December 2009	12,396,513	5,765,505	2,917,319	662,889	21,742,226

Note:

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 2009.

For comparative purposes, adjustments and reclassifications to prior year numbers have been made to conform to the current year reporting.

### Consolidated Statement of Changes in Equity

	Unaudited Sep 2010 TT\$'000	Unaudited Sep 2009 TT\$'000 (Restated)	Audited Dec 2009 TT\$'000
Balance at the beginning of the period	3,312,306	3,589,253	3,589,253
Profit / (loss) for the period	210,813	(644,119)	(821,027)
Other comprehensive income for the period	130,480	331,909	340,147
Total comprehensive income / (loss) for the period	<u>341,293</u>	<u>(312,210)</u>	<u>(480,880)</u>
Net change in Mutual Fund holder balances	147,068	191,127	323,334
Share option scheme - value of services provided	1,950	7,243	9,193
Issue of shares	412,653	-	-
Repurchase of shares	-	(1,529)	(1,529)
Dividends	(125,987)	(120,432)	(127,065)
Balance at the end of the period	<u>4,089,283</u>	<u>3,353,452</u>	<u>3,312,306</u>

Listed on the Trinidad and Tobago and Jamaica Stock Exchanges