

CONSOLIDATED FINANCIAL STATEMENTS

YEAR-END RESULTS TO DECEMBER 31, 2012

EXPRESSED IN TRINIDAD & TOBAGO DOLLARS



CHAIRMAN'S REPORT

Dear Fellow Shareholders,

The year 2012 proved to be an excellent one for Guardian Holdings Limited ("GHL") as without exception, all of our Caribbean insurance operations delivered strong profits. I am pleased and excited about the future prospects of the group as in addition to our continuing organic growth in revenue and profits; GHL has returned to the merger and acquisition arena for the first time since 2006, acquiring three well run insurance companies which in addition to being accretive in the first year will help us grow our top and bottom lines.

Consolidated Results

GHL group revenue increased 9% from \$4.0 billion to \$4.4 billion and despite booking a substantial non-cash charge of \$150 million for Pointe Simon, our development property in Martinique, net group profits totaled \$353 million. This represents an impressive increase of 35% over prior year profits of \$261 million. Basic earnings per share rose from \$1.13 last year to this year's \$1.52 per share.

Net income from insurance underwriting was \$529 million versus \$360 million for the comparable 12 months of 2011, an increase of 47%, whilst Net income from investing activities fell from \$1.1 billion to \$922 million, a decrease of 12.7%, resulting from the continuing low interest rate environment and the paucity of good quality investment opportunities.

Excellent Segment Results

All of GHL's insurance subsidiaries are continuing to perform well.

Our Life, Health, and Pensions ("LHP") segment increased their operating profits by 32% from \$382 million in 2011 to \$506 million for 2012. In spite of the prevailing weak economic environment, LHP was able to increase its top line revenue by 10% as compared to last year, owing to our unrivaled LHP sales force.

Our Caribbean Property and Casualty segment ("CPC") achieved operating profits for 2012 of \$161 million as compared to 2011's \$184 million. The majority of the 13% decrease in profits can be attributed to flood claims in Trinidad, claims in Jamaica from Hurricane Sandy, and a poor performance from our branch in Barbados. Despite these claims our CPC segment has again delivered a stellar combined ratio of 83%, or a 17% profit margin on earned premium.

Our Asset Management business achieved operating profits of \$58 million as compared to \$27 million for 2011. In addition to this excellent performance, Guardian Asset Management grew its Assets under Management to \$9.2 billion, a 7% increase.

Merger and Acquisition Activity

In November 2012, we closed the purchase on Globe Insurance Company in Jamaica, making GHL the largest general insurance provider in Jamaica and in December of 2012, we signed an agreement for the purchase of Royal &

Sun Alliance Antilles ("RSA") which, on closing, will make GHL the largest insurer in the Dutch Caribbean. Both these acquisitions will be swiftly synergised with our existing operations in these markets.

The third acquisition made was an insurance broker based in the Netherlands which we closed in the last week of December 2012. This acquisition will expand Fatum's existing and successful "Dutch" Caribbean business while providing the Group with additional fee based business that is free of insurance risks.

I view all of these acquisitions as strategic, "bolt-on" acquisitions that will be accretive to the Group's earnings in the first full year of consolidation.

Pointe Simone - Martinique

You will recall that in the third quarter of 2012 we took a \$20 million provision related to this project. Accounting standards dictate that we recognise the current situation which reflects the tough economic climate currently faced by Martinique and France, which are the two primary markets for the project's office and retail spaces, condominiums, and hotel. As a result, during the fourth quarter, we have taken a further provision of \$129.8 million bringing the full year's provision to \$149.8 million. Because of the unequalled quality and location of this project as compared to the competition, we believe that over the long-term GHL and its shareholders will realise a decent return on this investment.

I would like to add three additional points on Pointe Simone; one, the provisions we have made are accounting, non-cash provisions. Two, as is typical for the construction phases of real estate development projects, the cash we have invested in Pointe Simone up to this point has returned 0% to shareholders. This "opportunity cost" to shareholders has already created a drag on our earnings since these funds could have been used for other purposes. This dynamic will change once we finish the construction in 2013 and begin to turn our attention and energy to its commercialisation. Three, this project has been built without any direct external debt and therefore as this project begins its commercialisation phase, its cash proceeds will flow fully back to GHL. We can then reinvest these funds in higher producing investments, which will benefit our future earnings, and/or we can return a portion to shareholders via dividends.

Jamaica's National Debt Exchange

Even though Jamaica's National Debt Exchange is a subsequent event after the close of our year-end 2012 results, I wish to address its effect on our business in this Chairman's Statement.

On February 12th, 2013, the Government of Jamaica ("GOJ") announced the National Debt Exchange ("NDX"), which is a follow-up step being taken by the GOJ as a pre-condition to accessing further relief through borrowing from the IMF and other international development multinationals. The NDX is designed to further extend maturity dates and lower interest payments on GOJ debt. GHL has

decided, along with all of the other holders of GOJ debt, to swap all the affected bonds by the closing date of February 22nd, 2013.

The face value of affected bonds held by our Jamaican subsidiaries amounts to J\$31 billion or roughly US\$328 million. The effect of the NDX on our portfolio of investments of swapping out existing GOJ bonds for the newly issued GOJ bonds is to lower investment income and lengthen our yield curve. While the participation in the NDX will negatively impact the company's interest income in the short term, the lengthening of maturities has served to ensure that the balance sheet impact on our liabilities is not material.

In the first quarter of 2013, we expect to take a realised loss related to the NDX of approximately TT\$35 million. However, we have already identified a number of mitigation strategies which we anticipate will reduce the overall impact on our 2013 earnings to around TT\$10 million.

We do not expect the NDX to have any medium or long-term impact on GHL's earnings.

Final Shareholder Dividend

Given our level of profits from the current year and the expected continued good performance of the Group, your Board of Directors has decided on paying out a final dividend of thirty seven (37) cents a share, which when combined with the interim dividend of fifteen (15) cents a share amounts to a total dividend payout of fifty two (52) cents a share. This dividend will be paid to shareholders on record on April 5, 2013 when the Register of Members will be closed for this purpose.

The Directors have also fixed the date of the Annual Meeting for May 7, 2013 at 4:30 p.m. at the Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. The formal Notice of Annual Meeting with the Director's Report and summary of the audited financial statements for the financial year ended December 31, 2012 will be forwarded to Shareholders in due course.

Arthur Lok Jack
Chairman GHL

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 FINANCIAL STATEMENTS (CONT'D)

YEAR-END RESULTS TO DECEMBER 31, 2012

EXPRESSED IN TRINIDAD & TOBAGO DOLLARS



CONSOLIDATED STATEMENT OF INCOME

	Audited 12 Months Dec 2012 TT\$'000	Audited 12 Months Dec 2011 TT\$'000
Gross premiums written	4,365,126	4,007,139
Net premiums written	3,140,292	2,904,132
Net income from insurance underwriting activities	528,993	360,208
Net income from investing activities	922,301	1,055,928
	1,451,294	1,416,136
Fair value adjustment on Pointe Simon investment	(149,752)	-
Net income from all activities	1,301,542	1,416,136
Operating expenses	(789,016)	(729,204)
Finance charges	(119,460)	(110,044)
Operating profit	393,066	576,888
Share of profit/(loss) of associated companies	21,268	(25,005)
Profit before taxation	414,334	551,883
Taxation	(113,518)	(87,148)
Profit after taxation	300,816	464,735
Amount attributable to participating policyholders	(10,004)	(8,716)
Profit from continuing operations	290,812	456,019
Net loss on discontinued operations	(17,942)	(209,909)
Profit for the year	272,870	246,110
Loss attributable to non-controlling interest	79,662	14,993
Profit attributable to equity holders of the parent	352,532	261,103
Earnings per share		
- Basic - for profit attributable to ordinary equity holders of the parent	\$1.52	\$1.13
- Diluted - for profit attributable to ordinary equity holders of the parent	\$1.42	\$1.10
Earnings per share for continuing operations		
- Basic - for profit attributable to ordinary equity holders of the parent	\$1.60	\$2.04
- Diluted - for profit attributable to ordinary equity holders of the parent	\$1.49	\$1.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 Months Dec 2012 TT\$'000	Audited 12 Months Dec 2011 TT\$'000
Profit for the year	272,870	246,110
Other comprehensive income/(loss)		
Exchange differences on translating foreign operations	(78,161)	(17,036)
Gains on property revaluation	4,501	1,926
Actuarial losses on defined benefit pension plans	(98,995)	(60,743)
Other reserve movements	(4,519)	934
Income tax relating to components of other comprehensive income	1,915	(580)
Other comprehensive loss for the year, net of tax	(175,259)	(75,499)
Total comprehensive income for the year, net of tax	97,611	170,611
Comprehensive loss attributable to non-controlling interests	79,792	50,186
Comprehensive income attributable to equity holders of the parent	177,403	220,797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Dec 2012 TT\$'000	Audited Dec 2011 TT\$'000
ASSETS		
Property, plant and equipment	489,886	501,275
Investment properties	1,056,466	1,120,431
Intangible assets	367,001	254,278
Investment in associated companies	206,235	202,010
Financial assets	12,067,365	11,257,043
Financial assets of mutual fund unit holders	1,175,694	1,164,983
Loans and receivables	1,568,015	1,510,752
Properties for development and sale	448,728	391,048
Pension plan assets	80,918	80,687
Value of inforce life insurance policies	879,080	742,043
Deferred tax assets	18,218	21,490
Reinsurance assets	711,236	680,273
Segregated fund assets of life insurance policyholders	466,424	499,502
Deferred acquisition costs	79,354	72,657
Taxation recoverable	118,820	138,205
Cash and cash equivalents	1,901,435	1,739,394
Cash and cash equivalents of mutual fund unit holders	124,326	161,050
Assets held for sale	694,516	1,000,356
Total assets	22,453,717	21,537,477
EQUITY AND LIABILITIES		
Share capital	2,036,381	2,008,338
Reserves	(344,604)	(264,360)
Retained earnings	1,547,684	1,410,625
Equity attributable to owners of the parent	3,239,461	3,154,603
Non-controlling interests in subsidiaries	(41,204)	39,668
Total equity	3,198,257	3,194,271
LIABILITIES		
Insurance contracts	12,525,872	11,610,115
Financial liabilities	1,762,481	1,426,580
Investment contract liabilities	1,609,081	1,538,945
Third party interests in mutual funds	1,051,040	1,085,343
Pension plan liabilities	110,749	34,860
Segregated fund liabilities of life insurance policyholders	466,424	499,502
Post retirement medical benefit obligations	98,869	60,923
Deferred tax liabilities	193,752	198,928
Provision for taxation	63,061	56,463
Other liabilities	688,320	831,191
Liabilities related to assets held for sale	685,811	1,000,356
Total liabilities	19,255,460	18,343,206
Total equity and liabilities	22,453,717	21,537,477

These financial statements have been approved for issue by the board of directors on March 15, 2013 and signed on its behalf :

Director:  Director: 

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Dec 2012 TT\$'000	Audited Dec 2011 TT\$'000
Balance at beginning of the period	3,194,271	3,130,324
Total comprehensive income	97,611	170,611
Movement in unallocated shares	15,006	197
Share option scheme - value of services provided	13,037	5,270
Dividends	(121,668)	(112,131)
Balance at the end of period	3,198,257	3,194,271

CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Dec 2012 TT\$'000	Audited Dec 2011 TT\$'000
Profit before taxation from continuing operations	414,334	551,883
Loss before taxation from discontinued operations	(17,942)	(209,909)
	396,392	341,974
Adjustment for specific items included on the accruals basis:		
- Interest expense	119,460	110,044
- Investment income	(838,542)	(857,053)
Interest and dividends received	805,994	844,228
Adjustments for non-cash items	81,256	(158,577)
Operating profit before changes in operating assets/liabilities	564,560	280,616
Net increase in insurance liabilities	712,637	155,142
Net purchases of financial assets	(492,334)	(200,512)
Net purchases of / additions to investment properties	(83,112)	(200,192)
Net movement in other operating assets and liabilities	(194,676)	318,315
Cash provided by operating activities	507,075	353,369
Interest paid	(141,559)	(108,045)
Net taxation paid	(86,054)	(120,251)
Net cash provided by operating activities	279,462	125,073
Net cash (used in) / provided by investing activities	(353,457)	78,071
Net cash provided by financing activities	185,725	95,466
Net increase in cash and cash equivalents	111,730	298,610

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Guardian Holdings Limited

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 31 December 2012, and the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Guardian Holdings Limited and its subsidiaries (the "Group") for the year ended 31 December 2012. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 15 March 2013.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited financial statements of the Group.

Management's Responsibility for the Summary Financial Statements

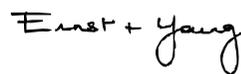
Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis of their established criteria as described in Note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.



Port of Spain,
TRINIDAD:
15 March 2012

SEGMENT INFORMATION

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Asset management TT\$'000	Other companies TT\$'000	Consolidation adjustments TT\$'000	Group TT\$'000
Twelve months ended 31 December 2012						
Gross premiums written	2,528,504	1,836,622	-	-	-	4,365,126
Net premiums written	2,438,203	702,089	-	-	-	3,140,292
Underwriting revenue	2,611,756	832,082	-	-	-	3,443,838
Underwriting expenses	(2,424,514)	(490,331)	-	-	-	(2,914,845)
Net income from investing activities	785,640	112,415	91,666	528,482	(595,902)	922,301
Fair value adjustment on Pointe Simon investment	-	-	-	(149,752)	-	(149,752)
Net income from all activities	972,882	454,166	91,666	378,730	(595,902)	1,301,542
Operating expenses	(462,367)	(223,797)	(32,167)	(248,100)	177,415	(789,016)
Finance charges	(4,315)	(20,061)	(1,001)	(152,552)	58,469	(119,460)
Operating profit	506,200	210,308	58,498	(21,922)	(360,018)	393,066
Twelve months ended 31 December 2011						
Gross premiums written	2,302,204	1,704,935	-	-	-	4,007,139
Net premiums written	2,183,213	720,919	-	-	-	2,904,132
Underwriting revenue	2,254,301	841,002	-	-	-	3,095,303
Underwriting expenses	(2,248,100)	(486,995)	-	-	-	(2,735,095)
Net income from investing activities	810,325	182,755	65,455	847,015	(849,622)	1,055,928
Net income from all activities	816,526	536,762	65,455	847,015	(849,622)	1,416,136
Operating expenses	(428,924)	(199,755)	(34,921)	(249,273)	183,669	(729,204)
Finance charges	(5,323)	(19,346)	(3,041)	(136,773)	54,439	(110,044)
Operating profit	382,279	317,661	27,493	460,969	(611,514)	576,888
Total assets						
31 December 2012	15,930,958	4,102,444	1,548,038	1,335,488	(463,211)	22,453,717
31 December 2011	14,763,410	4,149,423	1,583,054	1,430,677	(389,087)	21,537,477

NOTE 1: BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from the audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries for the year ended 31 December 2012.

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2012 audited financial statements consistently applied from period to period. Any new Accounting Standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 3" of the 31 December 2012 audited financial statements, have also remained unchanged.