

CHAIRMAN'S REPORT

Dear Shareholders,

As I write this we are in an unprecedented time, when the world is collectively battling a pandemic that is fundamentally changing our lives. COVID-19 has regrettably caused an extensive loss of life and livelihood, and has brought with it many other challenges. Guardian Group is cognizant of these widespread impacts and as a corporate citizen and part of the fabric of the Caribbean, we have provided support to the various territories where we operate. We will continue to do our part to offer assistance and support on multiple levels. Internally, Guardian Group swiftly implemented our Business Continuity Plan and leveraged our investments in technology to offer various online portals to customers and provide a virtual office platform for employees to work from home effectively.

The pandemic has profoundly affected global markets in the first quarter, as equities suffered the steepest declines since the global financial crisis and international corporate bond yields rose abruptly due to increases in credit spreads as investors "fled to safety" by shifting from corporate to sovereign debt.

This volatility in financial markets resulted in the Group recording a loss attributable to equity shareholders of \$36 million, a 132% reduction on the \$113 million profit recorded in the same period last year. Correspondingly, earnings per share decreased to negative \$0.16 versus a positive \$0.49 in the comparative period.

Net income from investing activities generated income of \$27 million, a 91% reduction on the corresponding period last year of \$302 million. This decrease was principally due to Net fair value losses of \$329 million in the current period, compared to Net fair value gains of \$94 million in the prior period, resulting in an overall adverse movement of \$423 million. The Group views this performance as temporary and anticipates recovery as global efforts intensify with the aim of defeating the COVID-19 pandemic. Additionally, the Group was able to achieve a growth in its Investment income of \$32 million, arising out of an improved investment mix and an increased investment portfolio.

Net income from insurance underwriting activities generated income of \$181 million, a 17% increase over the \$154 million reported in the corresponding period last year. The Life, Health and Pensions business segment recorded a 69% increase over the prior year, driven by the Jamaican markets. The Property and Casualty business segment recorded a 6% growth over the prior year, driven by the Dutch markets. Despite the challenging economic conditions, the Group was also able to increase Gross written premiums by 1% in both segments.

Our Brokerage activities continue to grow primarily through inorganic means, achieving an increased income of \$40 million which represents a 31% increase over the \$30 million recorded in the prior year.

Operating expenses amounted to \$309 million, a 3% increase over the \$299 million reported in the corresponding period last year. This increase was a result of inorganic growth initiatives undertaken in the Brokerage business referenced above. The Group also continued its strategy to implement the mechanisms and technologies required to advance our competitive edge and funded these expenses through cost savings in other areas.

As we continue to vigorously implement our strategic plan to improve our return on capital, your Board will continue to actively monitor the global developments surrounding the COVID-19 pandemic and adjust our strategy as necessary. We will maintain our steadfast support of our customers and minimise any adverse financial impact to our shareholders.



Patrick Hylton
Chairman Guardian Holdings Limited
7 May 2020

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Unaudited 3-Months Mar 2020 TT\$'000	Unaudited 3-Months Mar 2019 TT\$'000 (Restated)	Audited 12-Months Dec 2019 TT\$'000
Gross written premiums	1,978,426	1,958,388	6,366,679
Net written premiums	1,238,139	1,279,916	4,484,742
Net result from insurance activities	180,745	154,078	958,579
Net income from investing activities	26,746	301,764	1,369,846
Fee and commission income from brokerage activities	39,780	30,431	117,052
Net income from all activities	247,271	486,273	2,445,477
Net impairment gains/(losses) on financial assets	12,695	5,665	(87,586)
Operating expenses	(309,116)	(299,316)	(1,374,500)
Finance charges	(36,716)	(35,984)	(146,705)
Operating (loss)/profit	(85,866)	156,638	836,686
Share of after tax profits of associated companies	4,788	6,430	18,033
(Loss)/profit before taxation	(81,078)	163,068	854,719
Taxation	40,175	(46,497)	(151,006)
(Loss)/profit after taxation	(40,903)	116,571	703,713
Loss/(profit) attributable to participating policyholders	6,154	(3,121)	(8,753)
(Loss)/profit for the period	(34,749)	113,450	694,960
Profit attributable to non-controlling interests	(1,709)	(589)	(2,652)
(Loss)/profit attributable to equity holders of the company	(36,458)	112,861	692,308
(Loss)/earnings per share			
- Basic	\$ (0.16)	\$ 0.49	\$ 2.98

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3-Months Mar 2020 TT\$'000	Unaudited 3-Months Mar 2019 TT\$'000	Audited 12-Months Dec 2019 TT\$'000
(Loss)/profit for the period	(34,749)	113,450	694,960
Other comprehensive (loss)/income			
Exchange differences on translating foreign operations	(58,459)	12,149	(77,116)
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(225,274)	47,599	137,691
Gains on property revaluation	-	-	44,342
Actuarial losses on post-employment benefits	-	(31,642)	(59,109)
Other reserve movements	22	(374)	(566)
Income tax relating to components of other comprehensive income	14,827	(5,477)	(31,255)
Other comprehensive (loss)/income for the period, net of tax	(268,884)	22,255	13,987
Total comprehensive(loss)/income for the period, net of tax	(303,633)	135,705	708,947
Comprehensive (income)/loss attributable to non-controlling interests	(1,694)	288	(2,569)
Comprehensive (loss)/income attributable to equity holders of the company	(305,327)	135,993	706,378

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.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2019 audited consolidated 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 2019 audited consolidated financial statements, have also remained unchanged.

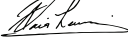
Forward-Looking Statements

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.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Mar 2020 TT\$'000	Audited Dec 2019 TT\$'000
ASSETS		
Property, plant and equipment	720,107	723,680
Right-of-use assets	109,423	113,445
Investment properties	1,571,919	1,569,380
Intangible assets	571,499	575,875
Investment in associated companies	248,158	244,247
Investment securities	18,672,884	19,413,392
Investment securities of mutual fund unit holders	1,254,879	1,296,192
Loans and receivables	2,170,949	1,824,219
Properties for development and sale	102,646	103,246
Pension plan assets	42,266	41,026
Deferred tax assets	89,101	64,992
Reinsurance assets	1,318,458	1,284,155
Deferred acquisition costs	144,027	115,942
Taxation recoverable	138,141	181,123
Cash and cash equivalents	2,292,705	2,350,577
Cash and cash equivalents of mutual fund unit holders	95,862	166,596
Total assets	29,543,024	30,068,087
EQUITY AND LIABILITIES		
Share capital	1,970,043	1,986,066
Reserves	(633,922)	(365,034)
Retained earnings	2,180,097	2,318,847
Equity attributable to owners of the company	3,516,218	3,939,879
Non-controlling interests in subsidiaries	26,036	24,341
Total equity	3,542,254	3,964,220
Liabilities		
Insurance contracts	17,489,699	17,458,851
Financial liabilities	2,520,578	2,531,023
Lease liabilities	115,092	116,857
Investment contract liabilities	2,697,467	2,788,681
Third party interests in mutual funds	1,138,440	1,237,709
Pension plan liabilities	89,666	89,154
Post-retirement medical benefit obligations	135,649	134,605
Deferred tax liabilities	285,080	366,895
Provision for taxation	58,074	50,753
Reinsurance liabilities	428,726	351,617
Other liabilities	1,042,299	977,722
Total liabilities	26,000,770	26,103,867
Total equity and liabilities	29,543,024	30,068,087

These consolidated financial statements have been approved for issue by the Board of Directors on 7 May 2020 and signed on its behalf :

Director:  Director: 

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Mar 2020 TT\$'000	Unaudited Mar 2019 TT\$'000	Audited Dec 2019 TT\$'000
Balance at beginning of period	3,964,220	3,420,632	3,420,632
Acquisition of subsidiary	-	-	746
Total comprehensive (loss)/income	(303,633)	135,705	708,947
Issue of shares	-	2,497	2,497
Dividends	(118,333)	(111,372)	(168,602)
Balance at end of period	3,542,254	3,447,462	3,964,220

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Mar 2020 TT\$'000	Unaudited Mar 2019 TT\$'000 (Restated)	Audited Dec 2019 TT\$'000
(Loss)/profit before taxation	(81,078)	163,068	854,719
Adjustment for specific items included on the accruals basis:			
- Finance charges	36,716	35,984	146,705
- Investment income	(251,004)	(218,109)	(981,693)
Interest and dividends received	212,162	178,453	953,207
Adjustments for non-cash items	345,840	(78,969)	(193,369)
Operating profit before changes in operating assets/liabilities	262,636	80,427	779,569
Net increase in insurance liabilities	297,302	471,169	380,028
Net purchases of investment securities	(86,557)	(434,901)	(1,201,666)
Net purchases of/additions to investment properties	(18,353)	(26,718)	(132,304)
Net movement in other operating assets and liabilities	(334,460)	(19,487)	692,348
Cash provided by operating activities	120,568	70,490	517,975
Interest paid	(36,515)	(36,765)	(162,166)
Net taxation paid	(847)	(54,000)	(183,621)
Net cash provided by/(used in) operating activities	83,206	(20,275)	172,188
Net cash used in investing activities	(13,399)	(16,794)	(217,910)
Net cash (used in)/provided by financing activities	(191,971)	163,185	241,428
Net (decrease)/increase in cash and cash equivalents	(122,164)	126,116	195,706

SEGMENT INFORMATION

	Life, health and pension business TT\$'000	Property and casualty business TT\$'000	Asset Management TT\$'000	Other including consolidation adjustments TT\$'000	Group TT\$'000
Three months ended 31 March 2020					
Gross written premiums	1,042,835	935,591	-	-	1,978,426
Net written premiums	969,362	268,777	-	-	1,238,139
Underwriting revenue	928,594	316,326	-	-	1,244,920
Underwriting expenses	(893,755)	(177,182)	-	6,762	(1,064,175)
Net income/(loss) from investing activities	27,905	(12,890)	15,130	(3,399)	26,746
Fee and commission income from brokerage activities	-	46,309	-	(6,529)	39,780
Net income/(loss) from all activities	62,744	172,563	15,130	(3,166)	247,271
Net impairment gains/(losses) on financial assets	10,356	(1,299)	3,640	(2)	12,695
Operating expenses	(144,526)	(117,155)	(14,009)	(33,426)	(309,116)
Finance charges	(1,845)	(1,400)	(441)	(33,030)	(36,716)
Operating profit/(loss)	(73,271)	52,709	4,320	(69,624)	(85,866)
Three months ended 31 March 2019					
Gross written premiums	1,035,251	923,137	-	-	1,958,388
Net written premiums	974,934	304,982	-	-	1,279,916
Underwriting revenue	926,214	298,502	-	-	1,224,716
Underwriting expenses	(905,643)	(166,947)	-	1,952	(1,070,638)
Net income/(loss) from investing activities	298,722	17,249	21,562	(35,769)	301,764
Fee and commission income from brokerage activities	-	31,494	-	(1,063)	30,431
Net income/(loss) from all activities	319,293	180,298	21,562	(34,880)	486,273
Net impairment gains on financial assets	2,454	733	1,267	1,211	5,665
Operating expenses	(145,918)	(112,654)	(13,379)	(27,365)	(299,316)
Finance charges	(2,533)	(2,280)	(238)	(30,933)	(35,984)
Operating profit/(loss)	173,296	66,097	9,212	(91,967)	156,638
Total Assets					
31 March 2020	23,150,551	4,859,536	1,852,770	(319,833)	29,543,024
31 December 2019	23,697,630	4,595,622	1,966,421	(191,586)	30,068,087