

# Guardian Holdings Limited

Second Quarter Ending June 2001

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## Chairman's Statement

The Group recorded a Net Profit available for distribution to shareholders of \$7.14 million for the first half of 2001, an increase of 29% of \$15.9 million over the corresponding period in the previous year. Since December 2000, the total assets of the Group have Increased by 6 % to, over \$6, billion

The Group's Insurance operations continue to reflect steady growth contributing 63% of the Net Profit available to shareholders, Our strategic partners made significant contributions to attributable profits, even after taking, account of the costs associated with prior years' acquisitions

Notwithstanding the increase in profits, shareholders' equity is lower due to an accounting adjustment which impacted reserves consequent upon the, change to the equity accounting method for the Group's investment in RBTT Financial Holdings Limited as described above. The change in status of this investment to that of an associate company also gave rise to increases in goodwill, medium term debt and the recording of minority interest in the financial statements. These changes were previously outlined in the Notes to the Financial Statement in our Annual Report for 2000.

In interpreting the Group results set out in the consolidated Profit and Loss account careful note must be taken of the effect of consolidating our interest in RBTT Financial Holdings Limited and Neal & Massy Holdings Limited. In both cases and for historical reasons portions of these investments are held in the investment funds of our Group's life insurance companies. The aggregate carrying value of investments thus held at June 30 amounted to \$469 million. Additionally, investments in these associated companies have been made by and are reported in the accounts of the group holding company, Guardian Holdings Limited. In the respective financial statements of our life insurance companies investment income is accounted for under the appropriate accounting standards. However, in consolidating the Group, we are required to adjust operating profits in order to reflect the share of results of Associated Companies in accordance with accepted accounting principles.

The increase in the Share Capital consequent on the recent Rights Issue was effected on July 13, 2001 and, as such, will be reflected in the Balance Sheet in the next quarter's published accounts. We take this opportunity to again thank all those who contributed to the success of that issue.

Based on the results for the half year, the Directors have decided to pay an interim dividend of 10 cents per share, and have fixed August 16, 2001 as the Record Date for the determination of shareholders entitled to payment of this dividend. For this purpose, the register of members will be closed from August 16, 2001 to August 17, 2001 both days inclusive. Dividend cheques will be mailed out on August 23, 2001.

Nazir Ahamad Chairman

## CONSOLIDATED PROFIT AND LOSS STATEMENT

	Unaudited June 2001 TT\$'000	Unaudited June 2000 TT\$'000	Audited Dec. 2000 TT\$'000
Revenue	450,665	400,913	919,852
Operating Profit	75,182	59,586	149,589
Share of Profits of Associated Companies	77,162	24,557	90,909
	152,334	84,143	240,498
Finance Charges	33,549	11,030	35,500
Amortisation of Goodwill	8,830	1,502	14,769
Profit Before Taxation	109,965	71,611	190,229
Taxation	21,255	16,057	37,438
Profit After Taxation	88,710	55,554	152,791
Transfer to Reserves - Associated Companies	1,582		986
Net profit	87,128	55,554	151,805
Minority Interests	15,686		13,865
Profit Attributable to Shareholders	71,442	55,554	137,940
Dividends	14,530	10,050	47,738
Profit Retained	58,912	45,504	90,202
Earnings Per Share - Basic	0.57	0.44	1.1
Earnings Per Share - Diluted	0.56	0.44	1.09

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited June 2001 TT\$'000	Unaudited June 2000 TT\$'000	Audited Dec. 2000 TT\$'000
Profit Before Taxation	109,965	71,811	190,229
Share of Profits of Associated Companies	(77,162)	(24,557)	(90,909)
Dividends from Associated Companies	11,121	9,766	25,129
Adjustments for Non-cash items	(22,092)	31,887	175,550
Operating Cash Flow Before Working Capital Changes	21,832	88,707	299,999
Net Working Capital Changes	(50,478)	129,466	381,110
Taxation Paid	(10,479)	(9,551)	(7,406)
Cash Flow from Operating Activities	(39,125)	208,622	673,703
Investing Activities	(80,434)	(294,515)	(726,954)
Financing Activities	75,661	136,878	182,866
(Decrease)/Increase In Short-term Funds	(43,898)	50,885	129,015

## CONSOLIDATED BALANCE SHEET

	Unaudited June 2001 \$TT'000	Unaudited June 2000 \$TT'000	Audited Dec. 2000 \$TT'000
Fixed Aaft	127,085	51,102	123,818
Investment In Associated Companies	598,575	592,232	555,549
Investment	3,346,646	2,817,724	3,046,751
Pension Plan Assets	83,490	66,297	81,490
Value to Shareholders of Long-term Insurance Business In force	294,013	106,222	282,887
Goodwill	677,741	573,796	663,410
	5,127,150	4,207,373	4,753,905
Current Assets,	951,758	384,675	992,588
Total Assets	6,078,908	4,592,048	5,746,493
Shareholders' Equity			
Share Capital	39,134	37,766	37,766
Reserves	231,804	441,213	208,373
Retained Earnings	438,294	299,057	379,773
	709,232	778,036	625,912
Minority Interests	651,373	263,250	642,705
Medium Term Debt	423,855	263,920	310,421
Deferred Tax	17,622	-	17,625
Insurance Funds	3,376,175	2,864,417	3,179,087
	3,817,652	3,118,337	3,507,133
Current Liabilities	900,651	432,425	970,743
Total Liabilities	4,718,303	3,550,762	4,477,876
	6,078,908	4,592,048	5,746,493

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited June 2001 TT\$'000	Unaudited June 2000 TT\$"000	Audited Dec. 2000 TT\$'000
Balance at the Start of the Period	625,912	688,669	688,669
Issue of Shares	1,368	1,344	1,344
Translation Adjustments	48,447	(1,212)	(25,715)
Investment Valuation Reserve Movements	(26,837)	(9,456)	(141,826)
Effect of Adopting IAS 12, 39 & 40	-	-	(2,610)
Other Reserve Movements	3,430	53,187	15,848
Profits Attributable to Shareholders	71,442	55,554	137,940
Dividends	(14,530)	(10,050)	(47,738)
Balance at the End at the Period	709,232	778,036	625,912

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