

# Year-end Results to December 31, 2006

## CHAIRMAN'S STATEMENT

The year 2006 has been difficult and challenging. For the first time in our Group's history we have recorded a loss in our financial results: the loss after tax for the year was TT\$236 million.

The main contributors to this unsatisfactory performance were the costs associated with the restructuring of our U.K. Property and Casualty (P&C) businesses and the Fair Value Losses associated with the poor performance of our local stock markets.

In the UK the restructuring programme was substantially completed by the end of the 3rd quarter of 2006 and I am very pleased to announce that the team in the UK delivered strong operating results in the last quarter.

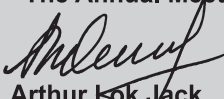
The composite indices for Trinidad and Tobago and Jamaica closed the year down 9.9% and 3.7% respectively, creating a net negative effect on our 2006 results. This negative impact conceals the underlying good performance of the other operating companies in the Group and the strength of our strategy. These businesses continue to provide strong operational results and will be further strengthened by the current drive to Operational Efficiency, through rigorous process reengineering, distribution initiatives and cost containment.

Guardian Life of the Caribbean Limited, one of our main subsidiaries, celebrates its 160th Anniversary in 2007 and in 2006 delivered yet another record year in terms of New Business written.

In light of the results for the year, your Board has decided to forego the payment of a final dividend.

Fellow Shareholders, the challenges and disappointments of 2006 are behind us. This does not alleviate my disappointment that we have had to postpone our tradition of significant dividend payments. However, the difficult decisions and actions that we took in 2006 and continue to implement in 2007 will result in a stronger, fitter company - one that is better positioned to deliver higher, long term sustainable results.

The Annual Meeting of the company will take place on May 14, 2007.

  
**Arthur Lok Jack**  
 Chairman

## Consolidated Profit And Loss Statement

	Audited 12-Months Dec. 2006 TT\$'000	Audited 12-Months Dec. 2005 TT\$'000 (Re-stated)	Unaudited 3-Months Dec. 2006 TT\$'000	Unaudited 3-Months Dec. 2005 TT\$'000
Insurance premium revenue	4,592,636	4,422,776	1,289,313	1,041,307
Insurance premium ceded to reinsurers	(897,688 )	(1,181,055 )	(117,764 )	(215,939 )
Net insurance premium revenue	3,694,948	3,241,721	1,171,549	825,368
Other revenue	907,611	1,176,671	805,831	311,641
Total revenue	4,602,559	4,418,392	1,977,380	1,137,009
Net insurance benefits and claims	(2,742,834 )	(2,270,158 )	(763,779 )	(498,250 )
Expenses	(1,894,034 )	(1,637,657 )	(620,346 )	(518,354 )
Operating (loss)/profit	(34,309 )	510,577	593,255	120,405
Share of profits				
of associated companies	24,090	69,303	9,475	42,218
Finance charges	(148,242 )	(122,345 )	(43,530 )	(27,173 )
(Loss)/profit before taxation	(158,461 )	457,535	559,200	135,450
Taxation	(77,383 )	(79,794 )	(18,858 )	(22,345 )
(Loss)/profit after taxation	(235,844 )	377,741	540,342	113,105
Amount attributable to participating policyholders	1,351	(16,346 )	(69,300 )	(3,673 )
(Loss)/profit for the year	(234,493 )	361,395	471,042	109,432
Attributable to:				
Equity holders of the company	(235,855)	358,289		
Minority interests	1,362	3,106		
	(234,493 )	361,395		
(Loss)/earnings per share - basic	(1.17 )	1.83		
(Loss)/earnings per share - diluted	(1.14 )	1.80		

Conversion Rate: US\$1.00:TT\$6.2953

## Consolidated Balance Sheet

	Audited Dec. 2006 TT\$'000	Audited Dec. 2005 TT\$'000 (Re-stated)
Property, plant and equipment	627,659	394,489
Investment properties	706,681	491,172
Goodwill	1,077,046	807,538
Investment in associated companies	271,179	349,463
Financial assets	7,955,551	7,501,622
Loans and receivables	721,702	818,742
Pension plan assets	144,383	132,414
Value to shareholders of in-force long-term business	576,843	513,505
Deferred tax asset	51,043	51,823
Reinsurance assets	1,002,718	1,200,791
	<u>13,134,805</u>	<u>12,261,559</u>
Current assets	6,130,559	5,153,446
Total assets	<u>19,265,364</u>	<u>17,415,005</u>
Shareholders' equity		
Share capital	1,512,951	1,502,844
Reserves	(50,294 )	(210,419 )
Retained earnings	2,094,025	2,440,835
	<u>3,556,682</u>	<u>3,733,260</u>
Minority interest	11,096	16,915
Total equity	<u>3,567,778</u>	<u>3,750,175</u>
Insurance contracts	10,091,585	9,105,173
Financial liabilities	2,678,862	2,422,025
Post retirement benefit obligations	65,478	58,951
Deferred consideration	184,249	-
Deferred tax liabilities	231,005	221,014
	<u>13,251,179</u>	<u>11,807,163</u>
Current liabilities	2,446,407	1,857,667
Total liabilities	<u>15,697,586</u>	<u>13,664,830</u>
Total equity & liabilities	<u>19,265,364</u>	<u>17,415,005</u>

## Consolidated Statement Of Changes In Equity

	Audited Dec. 2006 TT\$'000	Audited Dec. 2005 TT\$'000 (Re-stated)
Balance at the beginning of the year	3,750,175	3,178,695
Prior period adjustments	-	29,240
Balance at the beginning of the year (re-stated)	3,750,175	3,207,935
Issue of shares	-	399,016
Share option scheme - value of services provided	10,107	8,694
Surplus on revaluation of properties	38,735	2,896
Translation adjustments	117,602	(121,229 )
Other reserve movements	3,975	(4,796 )
Purchase of minority interest	(6,562 )	-
(Loss)/profit for the year	(234,493 )	361,395
Dividends	(111,761 )	(103,736 )
Balance at the end of the year	<u>3,567,778</u>	<u>3,750,175</u>

## Consolidated Cash Flow Statement

	Audited Dec. 2006 TT\$'000	Audited Dec. 2005 TT\$'000 (Re-stated)
(Loss)/profit before taxation	(158,461 )	457,535
Adjustment for non-cash items	(515,155 )	(720,693 )
Interest and dividends received	725,571	682,909
Operating profit before working capital changes	51,955	419,751
Net purchases/sales of financial assets	(859,793 )	(1,141,840 )
Net movement in other operating assets and liabilities	765,749	583,836
Cash generated from operations	(42,089 )	(138,253 )
Interest paid	(150,945 )	(124,253 )
Taxation paid	(45,491 )	(32,158 )
Net cash used in operating activities	(238,525 )	(294,664 )
Net cash used in investing activities	(138,448 )	(322,202 )
Net cash provided by financing activities	665,862	1,101,694
Net increase in cash and cash equivalents	<u>288,889</u>	<u>484,828</u>

These financial statements have been prepared in accordance with International Financial Reporting Standards. Comparative information has been adjusted in accordance with International Accounting Standard #8.