GUARDIAN HOLDINGS LIMITED

2009 annual report

SERVING PEOPLE • INTEGRITY • QUALITY • GROWTH •

solid as a rock

our core qualities and values

our core values

- integrity
- quality
- growth
- serving people

The network of our core qualities (strength, endurance, leadership) intersects with our core values of Integrity Quality, Growth and Serving People. Together they form the bedrock of the GHL Group of Companies.

our core qualities

- strength
- endurance
- leadership

This annual report is also available on our website www.guardianholdings.com
(go to “Investor Relations / Annual Report”).

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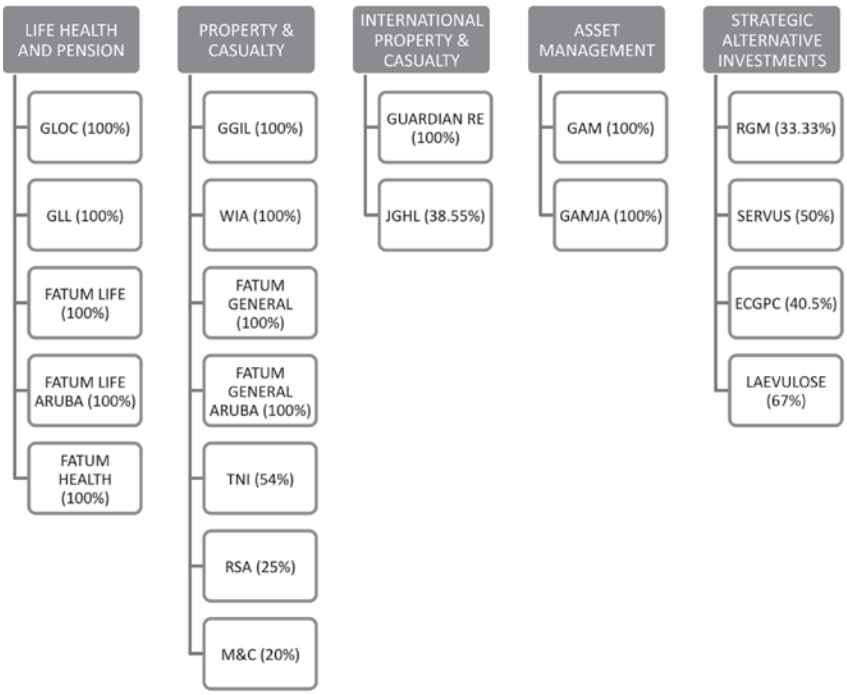
corporate information

directors
Mr. Arthur Lok Jack (Chairman), Mr. Jeffrey Mack (CEO), Mr. Imtiaz Ahamad, Mr. Douglas Camacho, Mr. David Davies, Mr. Peter Ganteaume, Mr. Philip Hamel-Smith, Mr. Antony Lancaster, Dr. Aleem Mohammed, Mr. Selby Wilson
secretary
Fé Lopez-Collymore
registered offi ce / registrar & transfer offi ce
Guardian Holdings Limited, 1 Guardian Drive, Westmoorings, Trinidad and Tobago
auditors
Ernst & Young, 5/7 Sweet Briar Road, Port of Spain, Trinidad and Tobago
principal bankers
RBTT Bank Limited, 19-21 Park Street, Port of Spain, Trinidad and Tobago
audit & compliance committee
Mr. Selby Wilson (Chairman) , Mr. Imtiaz Ahamad, Mr. David Davies, Mr. Peter Ganteaume, Mr. Arthur Lok Jack
corporate governance committee
Mr. Philip Hamel-Smith (Chairman), Mr. Peter Ganteaume, Mr. Antony Lancaster, Mr. Arthur Lok Jack
remuneration committee
Mr. Arthur Lok Jack (Chairman) , Mr. Peter Ganteaume, Mr. Philip Hamel-Smith, Mr. Antony Lancaster

For further information:
ghl@guardianholdings.com

business segments



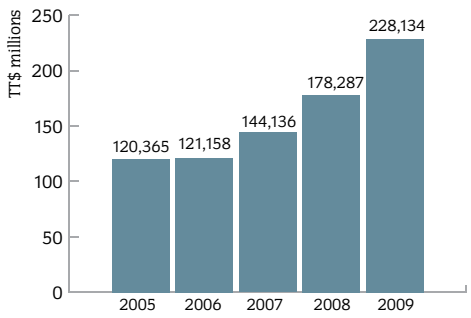
ABBREVIATED NAME	COMPANY NAME	COUNTRY OF INCORPORATION
ECGPC	Eastern Caribbean Gas Pipeline Company Limited	Trinidad
FATUM GENERAL	Fatum General Insurance NV	Netherlands Antilles
FATUM GENERAL ARUBA	Fatum General Insurance Aruba N.V.	Aruba
FATUM HEALTH	Fatum Accident & Health NV	Netherlands Antilles
FATUM LIFE	Fatum Life NV	Netherlands Antilles
FATUM LIFE ARUBA	Fatum Life Aruba N.V.	Aruba
GAM	Guardian Asset Management Limited	Trinidad
GAMJA	Guardian Asset Management (Jamaica) Limited	Jamaica
GGIL	Guardian General Insurance Limited	Trinidad
GLL	Guardian Life Limited	Jamaica
GLOC	Guardian Life of the Caribbean Limited	Trinidad
Guardian Re	Guardian Re (SAC) Ltd *(Formerly Colrich (SAC) Limited)*	Bermuda
JGHL	Jubilee Group Holdings Limited *(formerly Appleclaim Limited)*	United Kingdom
LAEVULOSE	Laevulose Inc Limited	Trinidad
M&C	M&C General Insurance Company Limited	St. Lucia
RGM	RGM Limited	Trinidad
RSA	Royal Star Assurance Bahamas Limited	Bahamas
Servus	Servus Limited	Trinidad
TNI	Trans-Nemwil Insurance (Grenada) Ltd	Grenada
WIA	West Indies Alliance Insurance Company Limited	Jamaica

consolidated financial highlights

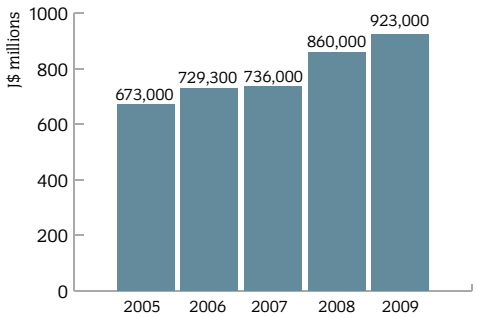
	2009	2008
Revenue		
Life business net premiums written	$1,877	$1,814
General business net premiums written	$1,427	$1,464
General business net premiums earned	$1,242	$1,461
Results		
Profi t/(loss) for the period from continuing operations	$371	($50)
Earnings per ordinary share on continuing operations	$1.72	-$0.27
Balance Sheet at December 31		
Total capital & reserves	$3,312	$3,589
Shareholders' equity	$2,341	$3,000
Net Asset Value per share	$11.58	$14.83
Dividend		
Total dividend for the year per ordinary share on continuing operations	44¢	77¢
Dividend cover	$4.17	($0.32)
Conversion Rate	**2009 Average rate**	**2009 Year end Rate**
Trinidad & Tobago dollar to one US Dollar	$6.2999	$6.3325
Trinidad & Tobago dollar to one British Pound	$9.8356	$10.0601
Trinidad & Tobago dollar to one Jamaican Dollar	$0.0702	$0.0699
Trinidad & Tobago dollar to one Netherlands Antillean Guilder	$3.5195	$3.5377

Annualised Premium Income

GUARDIAN LIFE OF THE CARIBBEAN LIMITED



GUARDIAN LIFE LIMITED



SERVING PEOPLE • INTEGRITY • QUALITY • GROWTH •

solid as a rock

chairman's and ceo's statement

by **arthur lok jack and jeffrey mack**

Dear Shareholders,

The year 2009 was one of mixed fortunes and one in which the strength and resilience of the Guardian Group of Companies was tested and clearly demonstrated.

Let's deal with the bad news the only way we know how, which is head on and straight forward. GHL reported its biggest loss in its history being $821 million. Any loss is unacceptable, and a loss of this size is just plain painful. Over the last six years GHL's results have been marked by volatility, some of it inflicted by the financial markets, some of it inflicted by the international accounting standards' prescribed method of reporting our financial asset movements through our Income Statement, and some of it self-inflicted. This year's loss is self-inflicted and stems directly from the Zenith Insurance Group with trading losses of $355 million and non-cash accounting losses of $592 million related to the write-off of Goodwill and Translation losses.

Let's review a little history. In 2003, as part of our overall strategy to expand internationally, and specifically into the United Kingdom, we bought Link Insurance Group. At the beginning of 2005 we consummated the transaction to acquire Zenith Insurance paying £65 million. A quote from our Chief Executive Officer's Review in our 2004 Annual Report reads, "we are confident that the terms of the acquisition of the Zenith companies were extremely attractive in their own right. But, in addition, significant value can be derived from the decisive integration of Link and Zenith. We will not let pass this opportunity for generating incremental profit as we set about establishing a genuinely top tier UK general insurer." With the benefit of hindsight, we got this acquisition very wrong.

At the time of these acquisitions, we went through a very rigorous process of evaluation and concluded that these investments would add value for you, our shareholders. Indeed, in the years prior to the acquisition of

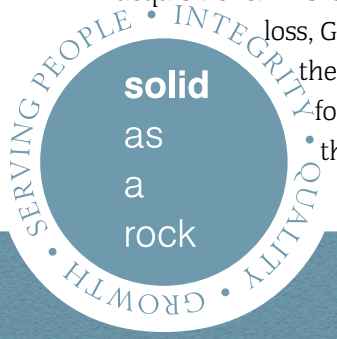
Zenith by GHL, the company reported impressive combined ratios below 60%. In other words, it was generating margins in excess of 40%. What we could not foresee at the time was how the market for buying private motor insurance in the UK would fundamentally change with the proliferation of buying insurance through the internet. When we bought Link and Zenith, almost all private motor insurance was purchased through insurance brokers. Today, almost half of all policies are bought directly through the internet, by-passing the traditional broker channels. The consequence of this market change has been to commoditise the product sold by Zenith. This change has affected all underwriters of private motor insurance, not just Zenith. In fact, the UK motor insurance sector as a whole lost money writing this business both in 2008 and 2009 and we take full responsibility.

After analysing and evaluating our various alternatives, your Board decided to cut our losses and dispose of this business. We fully recognised that the sale of this company would generate huge, non-cash accounting losses and would shrink our balance sheet. However the alternative was to stay with a business that we believed had little to no prospect of turning a profit, let alone delivering our required return on capital. The choice, as we think you will agree, was obvious.

We would like to point out here that, while this particular investment was a poor one, our expansion internationally and within the Caribbean produced some positive results. In fact our investment at Lloyds through Jubilee Group Holding Limited and its wholly owned Lloyds managing agent, Jubilee Managing Agency, has been very profitable. We have not only recouped our initial investment but have earned a return on our invested capital of 17%. Our other international investment of note was our 20% investment in the Mundial group of companies of Panama. The capital that we invested in Grupo Mundial back in 2005 was deployed in building a network of insurance subsidiaries throughout Central America. Within two and one-half years we were able to triple our investment and decided to realize our gains by disposing of this investment during 2008.

Furthermore our acquisition of the Dutch Antillean insurance group Fatum from ING in 2003 has been excellent. They have not only repaid the original acquisition price through dividends to the GHL Group, but continue to have a leading market share in their territory and are a star performer within our group. Lastly, our formation and management of Guardian Life Limited in Jamaica, which we created out of the ashes of the former Jamaica Mutual, has delivered consistent, quality earnings for the group while building up a 25% market share within the Jamaican market.

The point we are trying to make with this review of our most significant acquisitions is to demonstrate that your Board's overall scorecard is good and you should maintain the confidence that we have both the ability to analyze, and the skill to execute, on good acquisitions. This is important for many reasons. Despite the fact we have suffered a large loss, GHL remains a very strong and financially viable company, in fact one of the largest in the Caribbean region. This affords us continuing opportunities for expansion, both organically and inorganically. We believe that post the financial crisis, GHL will be a consolidator in our home market, while



continuing to look for acquisitions in targeted markets like Central America. But make no mistake about it, the Zenith experience has taught us some valuable lessons that we will use to decide on which investments to pursue or not pursue. This more rigorous approach will be embodied as part of our Enterprise Risk Management system we are currently implementing.

Let's now take a look at the year's results in some detail. In order to make a more meaningful comparison between 2009's performance and prior years, we have restated the prior year's results by taking out Zenith's numbers and isolating last year's one-time, non-recurring transactions being gains on the sale of our shares in RBTT/RBC and Mundial. For 2009, we have segregated the reporting of our performance between our continuing operations and discontinued operations. The difference being that we are reporting Zenith and other operations we have either sold or written off within our "Loss on disposal of discontinued operation line". While this may all seem a bit confusing, we are trying to make it easier for our shareholders to compare the results of our continuing businesses from one year to the next by isolating either extraordinary events or non-recurring items.

Financial Results

Operating in an extremely difficult environment in which the world's economies were only just beginning to recover in the second half of the year from the Great Recession, the excellent news - and one we would ask you to focus on - is that that our profit after tax from continuing operations amounted to $371 million. This is the group's best performance since 2004 and was achieved with a relatively small amount of fair value, non-cash gains.

Equally impressive was GHL's operating profit, before fair value gains, finance charges and tax, of $532 million. This is an important metric since it demonstrates the core performance of our operating entities, which increased 17% over last year and is our strongest performance since 2006.

On the revenue side, total net insurance premium income from continuing operations amounted to $3.3 billion, an increase of 1.0%. While on the surface our overall revenue increase is modest, our Life, Health and Pension business and Asset Management business had good increases.

Guardian Life of the Caribbean added $228 million in new business – a new record and a phenomenal result given the weak economic climate in which it operated. Likewise, Guardian Life in Jamaica added J$923 million in new business – again a new record. Revenue in our Asset Management business grew to $157 million, a 70% increase over last year. In addition, our Asset Management business in Trinidad and Tobago achieved an important milestone by exceeding over $1 billion in third-party assets under management.

In our Property and Casualty business, the market continues to be very competitive and we continue to operate in what the insurance technicians

call a "soft market." In these types of markets our emphasis is on delivering bottom line profits versus top line growth. As such, Guardian General's net premium revenue was essentially flat but delivered absolutely stellar bottom line profits of $134 million, an 85% increase over 2008. Our International P&C business, which now essentially comprises our Lloyds business and our captive Bermuda based reinsurer, Guardian Re, delivered $820 million in net insurance premium revenue, which was 8% below last year. Again, this decrease is attributable to disciplined underwriting in a very tough, competitive marketplace. As a result of this approach, Guardian Re was able to deliver $104 million in profi t.

Thus as you can see, our overall revenue line does not tell the full picture. Where we wished to grow, for example in Life, Health and Pensions and Asset Management, we grew well. In our P&C business, where the emphasis was on delivering bottom line profits versus writing under-priced business, we held the line.

Business Segment Performance

During 2009 we realigned our businesses into five main business segments: Life, Health and Pensions (LH&P), Caribbean Property and Casualty (CPC), International Property and Casualty (IPC), Asset Management (GAM), and Strategic Alternative Investments (SAI).

This was done for many reasons; the major ones being to bring better management attention to these segments and to synergise processes that will lead to greater efficiencies and achieve significant cost savings. When we announced this reorganisation, we established a goal of saving $100 million in cost savings by the end of 2010, using 2008 as a baseline. We are pleased to report that we have shaved off $64 million in cost savings in our management expense line. These cost savings drop directly to net profit and we are confident that we will achieve our target by end 2010. We have embarked on a disciplined approach to all our costs and can promise that we will keep the focus on this area.

To review what is contained within our various segments: in LH&P, there are Guardian Life of the Caribbean, Guardian Life Limited, and Fatum's LH&P business. In CPC, we include Guardian General, West Indies Alliance, Fatum's P&C business and our various investments in associated P&C companies. Guardian Re and our Lloyds investment in Jubilee Group Holdings Limited are included in our IPC segment. The Group's various interests in such things like RGM, a property developer, Servus, involved in facilities management and administration, as well as the Group's investments in two projects, one a multi-use commercial development being built in Martinique and, two, the Eastern Caribbean Gas Pipeline are marshalled within the SAI segment.

Our LH&P business delivered $226 million in after tax profits. This compares with last year's loss of $65 million, driven by $302 million in fair value losses. Those losses were fully reversed and showed a gain of $23 million. Our CPC business produced after tax profits of $160 million versus $132 million over the comparable period, while our IPC business generated

$104 million in after tax profits against $146 million in 2008. The drop in profits can be attributed to the motor business being written in our Lloyds syndicate. While this business is mainly commercial fleet business as compared to the private motor business written by Zenith, it nevertheless has underperformed and we have given our syndicate underwriters the mandate to stop writing this business altogether.

Our Asset Management business delivered above budget profits of $62 million, reversing last year's loss of $49 million. Last year's loss was driven by our Asset Management business in Jamaica which, due to rising interest rates, had $110 million in fair value losses. Once again, as we signalled last year, these fair value losses reversed themselves and showed a gain of $27 million.

Investing Activities

All insurance companies have two distinct activities. While complementary, they need to be analyzed separately. These are producing and underwriting insurance products, and investing activities. Because policyholder benefits and claims are not paid out for many years after the product is sold, insurance companies generate a lot of cash that needs to be held aside to pay for these future obligations. In the meantime, insurance companies can earn returns on the money invested.

Warren Buffet, in describing his investment in insurance companies, calls this "float." When loss ratios in the P&C business are below 100%, the cost of funds is actually below zero. Our investment activities performed well during the year and added significantly to our bottom line. You will recall that we took a strategic decision to reduce our equity holdings and invest our financial assets in a mix of government securities, high quality corporate bonds, and short-term deposits. Our equity investments are now less than 10% of our total invested assets. This was done to reduce the volatility in our earnings, while better matching our assets to our insurance liabilities.

The result of this decision has been to increase the amount of investment income from $877 million in 2008 to $940 million in 2009. This, taken together with realized gains of $14 million, helped push our total revenue for 2009 to $4.5 billion as compared to $4.1 billion last year. When one adds in the turnaround in our fair value movements, going from a negative $388 million to a positive of $57 million, it demonstrates the success of our investment approach.

Strategic Projects and Improved Shareholder Value

During 2009 GHL launched two major new initiatives aimed at increasing shareholder value. The one does so by improving the way GHL manages the various risks we undertake as a corporation; the other, by aligning executive compensation with shareholder value creation.

On the risk side, we have embarked on a project to implement an Enterprise Risk Management (ERM) framework. This state-of-the-art approach measures the impact of risks, not only in isolation, but across risk categories so that GHL can better understand the correlation that may exist between these myriad risks. Having this better insight will allow us to better manage, control and mitigate those risks.

GHL hired one of the world's leading experts in this area, Marsh/Oliver Wyman to help design and implement this programme. The first phase of this project, which is already complete, assessed and analyzed the gap between GHL's current risk management practices and capabilities relative to ERM benchmarks, and has established recommendations that will strengthen our governance and organisational processes and controls. The second phase will quantify GHL's various risks and work with the Board of Directors in establishing the Group's risk appetite, tolerance and limits. We expect to begin full implementation of the project's findings by mid-2010 and expect to be one of the leaders in our approach to ERM in the region.

On the executive compensation side, one can hardly pick up one's daily news without reading about this topic. This particular subject has been dealt with extensively within your Board of Directors' meetings. Your Board is of the belief that executive compensation needs to be inextricably aligned with creating shareholder value. Numerous studies have shown that corporations that get this right are the best performers. Economic Value Added, or EVA, has been broadly accepted for more than 25 years as the measure of financial performance that is most highly correlated with increases in market value. In short, EVA is an operational measure that differs from conventional earnings measures in two ways:

- It explicitly charges for the use of capital; and
- It adjusts reported earnings to minimise accounting distortions and to better match the timing of revenue and expense recognition

In other words EVA is a measure of a firm's profit after subtracting the cost of all capital employed. What this means for shareholders is that management must generate sufficient revenues not only to cover operating expenses and the interest charges on debt, but also to provide the return that shareholders require to compensate them for the riskiness of their equity investment in the company. The real power of EVA comes from not only using this as a performance measurement but by embedding behaviour focused on shareholder value creation through an incentive compensation programme tied to EVA results. The EVA incentive system that GHL is implementing in 2010 will:

- Provide objective goal setting that works to improve shareholder value, since a "target bonus" is earned only if positive, incremental EVA is created.

- Integrate short-term and long-term incentives through the establishment of a "bonus bank" deferral concept. That is bonuses in excess of target are placed into a "bank" and that bonus is then at risk if subsequent performance is below target.
- Ensure that executives only "win" if shareholders "win."

GHL hired Stern Stewart & Company for this project. Stern Stewart is the pioneer in this field of value-based management and is recognised as one the world's experts in this discipline. We are truly excited with the introduction of EVA at GHL and we join an impressive list of firms internationally, like Allianz Insurance AG, OCBC Bank, Australia and New Zealand Banking Group, Swiss Re and Coca Cola, and several large public and private companies locally, that use EVA. Given the importance of EVA, we will be communicating more on this subject and, more importantly, will be reporting on GHL's Economic Value Added performance.

Solid As A Rock

In closing we wish to reiterate our core strategy to be the wealth management and protection champion of the Caribbean, while building our position in selected international markets. We have many excellent opportunities ahead of us and have very solid, core businesses upon which to continue to build. GHL indeed took a big hit with our write-off and subsequent sale of Zenith but remain, **Solid as a Rock**.

We would like to thank our Board of Directors, our Executive Management team and all the people of Guardian for their hard work and dedication during a very challenging year.

As regards shareholder dividends, allow us to repeat our dividend policy: subject to the unforeseeable, it is our intention to pay dividends equal to 35% of distributable cash profits. GHL's distributable cash profits amount to $255 million and therefore $89 million in total will be paid out as dividends to our shareholders. Given that $22 million was paid out as an interim dividend, $67 million or 0.33 a share, will be paid out as a final dividend.

Arthur Lok Jack, Chairman

Jeffrey Mack, Group CEO

board of **directors**

arthur lok jack

(chairman)

peter ganteaume

jeffrey mack (ceo)

douglas camacho

dr. aleem mohammed


imtiaz ahamad
david davies
antony lancaster
selby wilson
philip hamel-smith
fé lopez-collymore
(secretary)

Forward Looking Statements

Language • The report reviews the Company's financial condition and results of operations including its liquidity and capital resources. Historical information is presented and discussed. Where appropriate, factors that may affect future financial performance are also identified and discussed. Certain statements made in this report include "forward-looking statements". Forward-looking statements include any statement that may predict, forecast, indicate or imply future results, performance or achievements instead of historical facts and may contain words like "believe", "expect", "estimate", "project", "budget", "forecast", "anticipate", "plan", "will", "shall", "may" and other words, phrases or expressions with similar meaning. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from the results contained in the forward-looking statements and the Company cannot give assurances that such statements will prove to be correct. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Overview • Guardian Holdings Limited (GHL) is a holding company formed in 1982 and became a publicly listed company in Trinidad & Tobago on June 18, 1996 and in Jamaica on September 20, 2000. GHL subsidiaries provide financial services through the production, distribution, and administration of insurance and investment products. GHL's principal operations are conducted throughout the Caribbean, and in England and the Republic of Ireland. There are three main business segments: Life, Health and Pensions, Property and Casualty Insurance, and Asset Management. Services are primarily distributed and sold throughout the Caribbean, however reinsurance cover is selectively provided on a worldwide basis through the Group's international property and casualty business segment.

Critical Accounting Policies and Estimates

The Group's accounting policies require the use of judgments relating to a variety of assumptions and estimates, in particular, expectations of current and future mortality, morbidity, persistency, expenses and interest rates. Because of the inherent uncertainty when using the assumptions and estimates, the effect of certain accounting policies under different conditions or assumptions could be materially different from those reported in the consolidated fi nancial statements. A discussion of the most signifi cant accounting policies is presented hereunder.

Value to shareholders of in force long-term business • The acquisition costs of writing new long-term insurance policies occur at the time that the policies are issued. However, the profits on this business are released gradually over the lifetime of the policies. There are a number of accounting treatments available to deal with the disparity between the timing of the acquisition expenses and the release of profits. The Group uses the Achieved Profits Method which is referred

to as Embedded Values accounting. An Embedded Value represents the present value of the future profits of the block of existing long-term business. The calculation of Embedded Values requires assumptions concerning future persistency, mortality, morbidity, expenses and investment yields. Under this method, the accounts reported profi ts are adjusted to reflect the increase or decrease in the future value of the in force portfolio. At December 31, 2009 the Group recorded $584 million (2008: $570 million) in its books for this value to shareholders of in force long-term business. See Note 12 to the Consolidated Financial Statements for further information.

Deferred acquisition cost • The Group incurs significant brokerage costs in connection with the acquisition of its short-term insurance business through its intermediaries. These costs vary with and are integral to the procurement of ongoing insurance business and are amortised over the period during which premiums are earned. At the 31 December 2009, the deferred acquisition costs remaining to be amortised totalled $467 million.

Financial instruments • The Group has financial assets totalling $10.7 billion which are either held to maturity or held for resale. In accordance with IAS39, an election was made to account for changes in fair value of assets held for resale (amounting to $6.8 billion) through the income statement. The amount accounted for through the revenue and expense account is dependent on the annual performance of the investment. GHL's specific accounting policies related to its invested assets are disclosed in Note 2.8 to the Consolidated Financial Statements.

Intangible assets • The intangible assets carried on the balance sheet at $270 million represents goodwill arising on the acquisition of subsidiaries and require an annual estimate of the future profitability of the respective cash generating units. Revisions to the estimates that result in the impairment of the carrying value of these assets result in the amounts being expensed in the reporting period in which the revisions are made.

Liabilities for future policy benefi ts • The establishment of adequate reserves to meet the Group's obligations to its policyholders involve estimating liabilities for future policy benefits on life and health insurance products, and requires the use of assumptions such as those relative to future investment yields, mortality, morbidity, persistency and other appropriate assumptions based on historical experience modified as necessary to reflect anticipated trends and to include provisions for possible adverse deviation. Determining liabilities for the Group's property and casualty insurance products also requires the use of assumptions, including the projected levels of used vehicle prices, the frequency and severity of claims and the effectiveness of internal processes designed to reduce the level of claims. At December 31, 2009 the Group had established reserves for policy liabilities of $10.5 billion.

Pension obligations • Determining the Group's obligations to employees under its defined benefit pension plan and stock-based compensation plans requires the use of estimates. The calculation of the liability related to the Group's defined benefit pension plan requires assumptions regarding the appropriate weighted average discount rate, estimated rate of increase in

the compensation of its employees, projected changes in staffing levels and the expected long-term rate of return on the plan's assets.

Valuation of stock options • Accounting for other stock-based compensation plans may require the use of option pricing models to estimate the Group's obligations. Assumptions used in such models relate to equity market volatility, the risk-free interest rate at the date of the grant, as well as expected exercise dates.

Signifi cant changes in accounting policies

Equity accounting vs. proportional consolidation • During the year the Group changed its accounting policy in respect of accounting for joint ventures and associated companies namely Eastern Caribbean Gas Pipeline Company Ltd, Servus Ltd and RGM. In previous accounting periods these were accounted for on a proportional consolidation basis (and the requisite share of assets and liabilities included within each line item on both the revenue account and balance sheet); these are now accounted for on an equity basis and shown as a single line in both the revenue account and the balance sheet.

Consolidation of GAM Mutual Funds • During the year it was determined that the Group by virtue of its participation in GAM distributed and managed mutual funds, together with the structure of the related Trust Deed and asset management agreements resulted in the Group being able to exercise control as defined by IAS 27. Accordingly, the Group has consolidated the relevant mutual funds and these are shown separately within segregated assets and non controlling interests on the consolidated balance sheet.

Summary of financial performance (continuing operations)

Gross/Net premium income • Gross premium income year over year remained relatively stable at $4 billion, disguising a modest underlying growth in the LH&P business segment, and an equivalent compensating contraction in the P&C business segment. The primary driver of the contraction of premium levels in P&C segment represents management's response to continuing 'soft' market prices prevailing during the year.

There was a marginal increase in net premium income of $26 million year on year, a reflection of an increase in risk appetite on the GGIL retail book.

Investment, commission and fee income • Investment income increased over the prior year by $65 million as investment markets and interest rates stabilised.

Commission and fee income increased by $2 million over 2008 as a result of an increase in fee income earned on assets under management. The vast majority of income relates to ceding and profit commissions on reinsurance arrangements which remained consistent with 2008 arrangements.

Other revenue • Other revenue comprises all other income items and includes realised gains and losses on financial assets, foreign exchange gains and losses, and movements in the value of in force policies (VIF).

For the year ended 31 December, 2009, other revenue amounted to $156 million compared to $165 million in 2008. The reduction of $9 million relates to smaller increase in VIF compared to 2008 and lower foreign exchange gains.

Expenses • Total reported expenses reduced from $1.69 billion in 2008 to $1.62 billion for 2009, a decrease of $74 million. The vast majority of the reduction in expenses ($63 million) was obtained through increased cost control over expenses of management in particular expenditure in the areas of office, building, and marketing expenses.

Fair value gains/(losses) • The Group reported a $57 million fair value gain for the year under review compared to a $388 million fair value loss for 2008. This represented a $445 million year on year improvement and reflects market recovery following a poor performing 2008. The vast majority of reported gains emanate from the periodic valuation of Government & Corporate Bonds and Trinidad and Jamaican equities as can be seen from the table below :

Fair value gains/(losses) $M	2009	2008
Government & Corporate Bonds	120	(170)
Trinidad & Tobago and Jamaican Equities	(61)	(168)
Extra-regional equities	(7)	(98)
Investment Properties	12	(4)
All other	(7)	52
Total	57	(388)

Share of profi ts of associated companies • The share of profits of associated companies principally relate to the trading results of the Jubilee Group Holdings (formerly Appleclaim Ltd), Ocho Rios Beach Resorts Ltd and RGM. Reported earnings from associates totalled $15 million compared to $28 million in 2008 a decrease of $12 million or 45% reduction. The sharp decline in profits of associates relates to reduced profitability from Jubilee Group Holdings Ltd and losses on revaluation of property on Ocho Rios Beach Resorts Ltd.

Finance charges • Finance charges decreased from $135 million in 2008 to $110 million in 2009 principally as a result of loan repayments, debt consolidation undertaken in the last quarter of 2008, and a lower 2009 interest rate on variable rate medium term debt.

Taxation • The increase in taxation by $98 million over the prior period is attributable to the Group's P&C business which having utilised all brought forward tax losses are now paying the highest marginal rate of tax.

Profi t attributable to equity holders from continuing operations • Profit attributable to equity owners of the parent from continuing operations was $371 million for the year ended December 31, 2009, compared to a $50 million loss for 2008. The dramatic change in fi nancial fortunes over the course of a single fi nancial year is the net result of several factors which include the reversal of a $388 million of reported unrealised fair market loss in 2008 to an unrealised fair value gain of $57 million in 2009, reduction in operating expenses and finance

charges totalling approximately $100 million, increase in insurance benefits paid of $80 million and increases in taxes payable by $98 million.

Net loss on discontinued operations

(a) Loss on disposal of subsidiaries

The Group disposed of its UK subsidiaries effective 31 Dec 2009 and recorded a loss of approximately $1billion for the year. The majority of this loss related to the Zenith Insurance Group which was derecognised as a continuing operation in the third quarter and the trading losses and goodwill associated with this investment fully provided for at the time. Additional losses were incurred in the fourth quarter because of a regulatory requirement to strengthen reserves to recapitalise Zenith Insurance Plc as a condition of the sale. The full details of the loss on disposal are disclosed in Note 37 to the Consolidated Financial Statements.

(b) Discontinued operations

The Group's captive reinsurance subsidiary Guardian Re (SAC) Ltd provided proportional reinsurance cover to Zenith Insurance Plc that ceased at the date of sale. The residual reinsurance losses arising under this contract are not considered part of the continuing operations of the Group and accordingly are shown as discontinued operations. Assets and liabilities related to the discontinued operations are disclosed in the balance sheet as assets and liabilities held for sale.

Investment Properties • The Group's investment properties line increased in aggregate by $206 million for 2009. The net increase is the result of additional investment in property development projects in Martinique totalling $238 million offset by revaluation and translation adjustments.

Intangible assets • Intangible assets decreased by $374 million as a result of the disposal of its UK motor insurance operations. Details of the disposal are included in Note 7 to the Consolidated Financial Statements.

Financial assets • Financial assets declined in aggregate by $73 million. The decrease disguises a net increase in the financial assets of the Group's continuing operations amounting to $145 million, fair value gains and favourable translation adjustments of $33 million, and a reduction of $251 million related to the disposal of the UK motor insurance operations.

Mutual funds • This represents mutual funds in which the Group's participation is deemed to be significant as defined by IAS 27, and as a result of which are required to be consolidated. Consolidated mutual funds are categorised in the balance sheet as either "Financial assets" or "Cash and cash equivalents". The increase in both of these amounts reflects the normal growth of mutual funds during 2009.

Reinsurance assets • Reinsurance assets decreased by $634 million as a result of the disposal of the UK insurance operations and the

reclassifi cation of remaining reinsurance contracts related to this disposal as "Assets held for sale".

Cash and cash equivalents • Cash and cash equivalents decreased by $875 million as a result of the disposal of the UK motor insurance operations and the reclassifi cation of remaining reinsurance contracts related to this disposal as "Assets held for sale"

Other Assets • This represents mainly trade receivables, prepayments and other sundry receivables. The significant reduction of $241 million reflects the disposal of the UK motor insurance operations as well as improved credit collection activity across the Group.

Assets and related liabilities held for sale • Assets and related liabilities held for sale represent the Group's residual interest in reinsurance contracts related to the UK motor insurance operations which were disposed of in 2009.

Insurance contracts • Liabilities in respect of insurance contracts decreased by $1.6 billion as a result of the disposal of the UK motor insurance operations and the reclassifi cation of certain liabilities to "Liabilities related to assets held for sale".

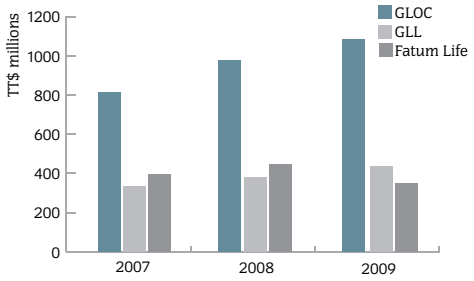
Results of Operations

Life, Health & Pensions

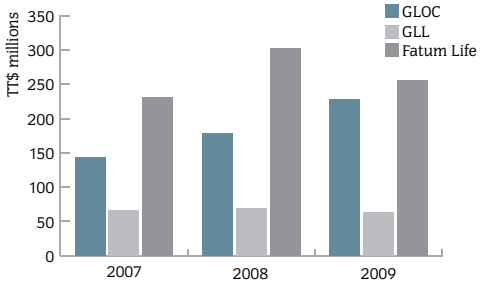
The Group contains three major life, health and pension insurers that together dominate the life, health and pensions (LHP) landscape in the Caribbean. These are Guardian Life of the Caribbean Limited (GLOC) domiciled in Trinidad & Tobago, Guardian Life Limited (GLL) domiciled in Jamaica and the life arm of Fatum (Fatum Life) domiciled in Curaçao and Aruba.

In 2009 significant impetus was given to the process of standardising and rationalising these operations with a view to increasing shareholder value.

Total Premium Income grew by 3.5% to $1.88 billion. The operations in both Trinidad & Tobago and Jamaica delivered strong growth in new sales of individual business. GLOC's new annual premium income increased by 28% from $178 million to $228 million and that of GLL increased by 7% from J$860 to J$923 million. In 2008 Fatum Life incorporated the major single premiums of a large Group contract which was not repeated in 2009.

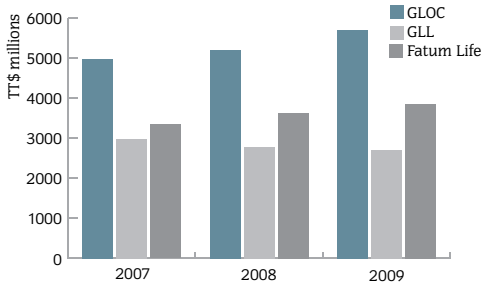


The Group market continued to exhibit growth. Total health premiums across the Caribbean were $428 million for 2009. Growth was particularly strong in Jamaica as GLL continued to consolidate its position in the Group market. GLL's MedeCus Health posted a 55% growth in new business annualised premium income over 2008, which was 180% of targeted growth for the year. GLL's Group life portfolio grew by 361% over 2008. Group health business grew by 7% and 8% in GLOC and Fatum respectively.



In 2009 there was a sharp drop in Trinidad & Tobago interest rates which adversely affected GLOC's investment income. In addition, declines in the Trinidad & Tobago investment property portfolio as well as its local equity resulted in a $39 million mark to market loss. However, this was offset by strong investment performance in Jamaica and the Dutch Antilles. Investment income in GLL grew 102% to J$4.7 billion. The creditable performance of the portfolio is attributable to several areas surpassing their budgeted targets, namely interest income on bonds, repurchase agreements, foreign exchange gains and fair valuation gains. The improved results above 2008 are due to the re-alignment of the local bond portfolio from variable rate to fixed rate due to the need for fixed rate securities and the projected reduction in local interest rates. Investment income in Fatum Life was 33% higher than the previous year, mainly due to fair value gains of ANG 13.9 million.

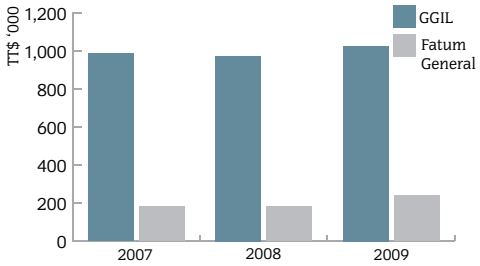
Very strong operating efficiencies were realised in 2009. Operating expenses declined by 6.7% from $366 million in 2008 to $341 million in 2009. As a percentage of premium income, total expenses moved from 24.7% in 2008 to 22.4% in 2009. All territories are continuing the process of streamlining and synergising operating processing in order to improve operating margins and enhance the quality of their product. Profits to shareholders grew very sharply across all operating companies. Overall, profit to shareholders grew from $68.1 million in 2008 to $224.2 million in 2009.



All operating companies continue to be well capitalised. GLOC is compliant with its Statutory Fund requirements and holds retained earnings of $1.004 billion in excess of policyholder liabilities of $4.269 billion. In addition, GLOC holds an A.M. Best Rating of A-. Fatum Life holds capital well in excess of its statutory requirement. The capitalisation of GLL is measured in terms of a Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio. The ratio for GLL is 175%, which is considerably above the regulatory requirement of 135%.

Caribbean Property and Casualty

GHL's Caribbean Property and Casualty Business is serviced by four companies whose operations collectively span 21 countries in the region, including Aruba and the Dutch Antilles.



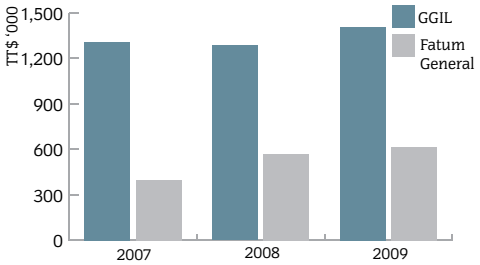
2009 was noted mostly for being a year of below average hurricane activity. Even though the first tropical depression was formed on May 28, earlier than the official start date for the season, only 11 tropical depressions were formed of which nine intensified into tropical storms and three became hurricanes of which two were considered major (Cat 3+). This was the lowest level of activity since 1997, and none of the operations suffered any losses from hurricanes this year.

The property markets throughout the region continued to be soft in spite of the global financial crisis. All operations maintained their commitment to underwriting discipline and proper pricing, resulting in business being lost due to our unwillingness to underwrite business at unprofitable rates.

In spite of these unfavourable market conditions, the Gross Premiums of the Property and Casualty Caribbean business grew by 6.6% from $1.144

billion in 2008 to $1.219 billion in 2009. Net profits after tax grew from $131.8 million to $160.0 million, an increase of 21.4% over the last year.

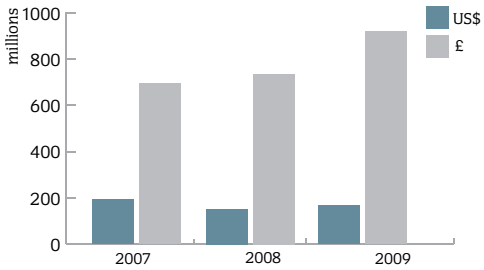
A continued focus on underwriting discipline, profit maximisation and cost containment was reflected in the technical ratios for this line of business. It resulted in the overall combined ratio inclusive of claims, management and commissions expenses – improving from 55.4% to 42.9%, and the overall combined ratio for claims expenses and commissions improving to 80.8% from 93.2%.



International Property & Casualty Insurance

This segment of the Group's business comprises the reinsurance underwriting activity undertaken by its wholly subsidiary Guardian Re (SAC) Ltd and the 38.55% share of results arising from the Group's investment in Jubilee Holdings Group (formerly Appleclaim Ltd).

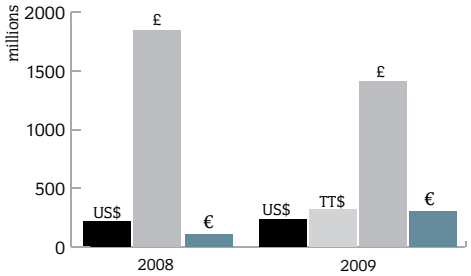
Guardian Re (SAC) Ltd is a Bermuda-registered Class 3A reinsurer which underwrites risks on a worldwide basis for both Lloyd's Corporate Members as well and non Caribbean third party cedants. Prior to 2007, the business of Guardian Re comprised primarily of captive business, however, in 2007, the company began accepting third party business on selective non Caribbean property books of business.



Gross written premiums have grown steadily since inception and for the 2009 financial year was just under $1 billion (2008 - $889 million). The business reinsured is representative of a mix of non Caribbean property and motor business however an incidental book of miscellaneous classes and life risks are also underwritten. Net profit after tax generated from this division for 2009 amounted to $104 million compared to $146 million for 2008.

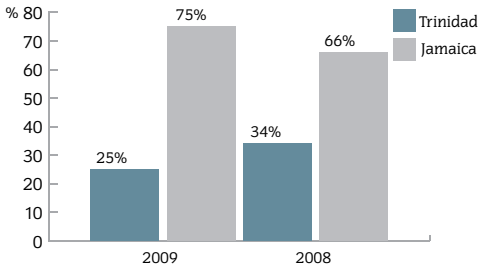
Notably, earned premiums for the year decreased by $78 million to $820 million (2008: $898 million) as a result of the substantial increase in writing of international property risks during 2009.

The total assets of the International Property & Casualty division amounted to $2.1 billion as at 31 December 2009 (2008 - $2.3 billion). Assets are invested in accordance with the underlying risks being reinsured and accordingly are primarily held in a mix of US and sterling assets. The comparative distribution of assets is depicted in the chart below.



Asset Management

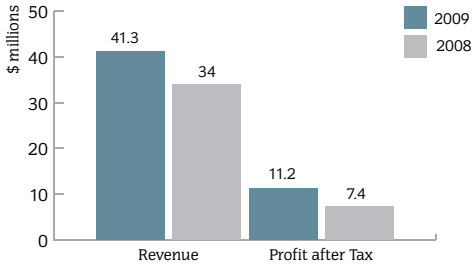
The Group's asset management division operates in all the major Caribbean markets and provides services to over 5,000 clients through its 100 investment professionals based in both Trinidad and Tobago and Jamaica.

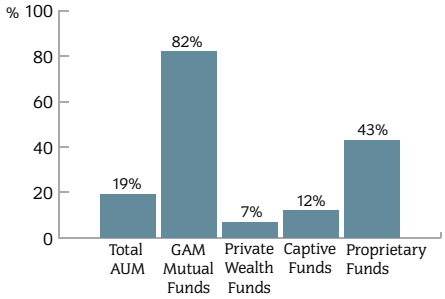


In developing the strength of the Guardian Asset Management brand, management has continued to focus on providing innovative products and excellent customer service, as well as financial performance and risk management.

For the financial year 2009, the asset management division generated revenues in excess of $92 million (2008 - $66 million), achieved assets under management (AUM) totalling over $11 billion, and posted an after tax profit (excluding fair value movements) of $50 million (2008 - $26 million).

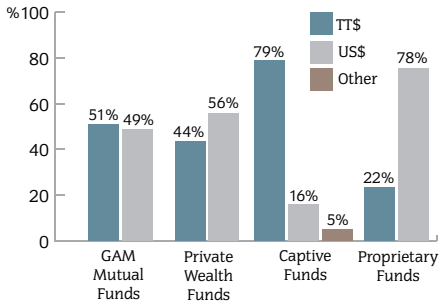
In Trinidad & Tobago, the asset management activities of the Group are undertaken by Guardian Asset Management Trinidad & Tobago Ltd. (GAM). For 2009, GAM enjoyed robust growth rates in both revenues and profitability reporting increases of 21% and 51% respectively, over the prior year. Reported revenues grew by $7.3 million to $41.3 million and the company posted an after tax profit of $11.2 million (2008 - $7.4 million).

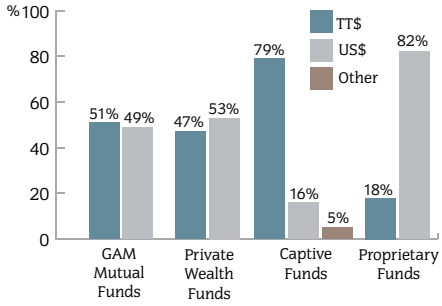




AUM increased by 19% to $ 7.4 billion, led by remarkable growth in the "Guardian Asset Management Series of Mutual Funds," which increased to $1.2 billion (an 82% increase) over the year. The substantial growth in AUM attests to the company's ability to deliver consistent value to customers amidst increased competition and the uncertainty.

The investment portfolios under management are protected through disciplined diversification over a range of investment instruments held across various currencies; the comparative currency mix of these portfolios is depicted in the charts shown below:

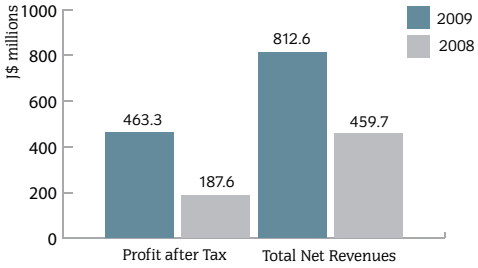




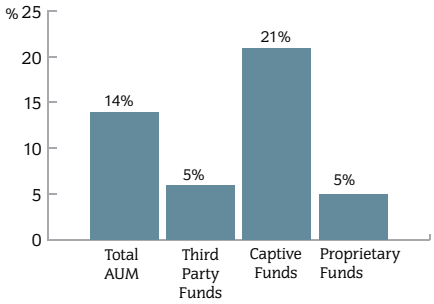
GAM Mutual Funds generated attractive returns for the year under review. The three top performing funds reporting the following returns in 2009:

- BRIC Equity Fund: 70.11%
- Asia-Pacific Rim Equity Fund: 26.81%
- European Equity Fund: 25.45%

<u>Jamaica</u>

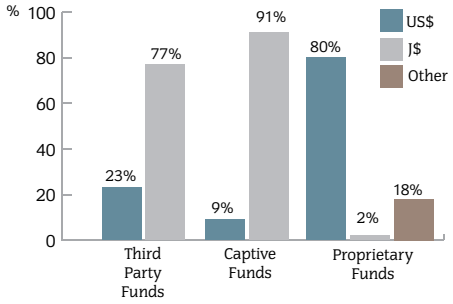


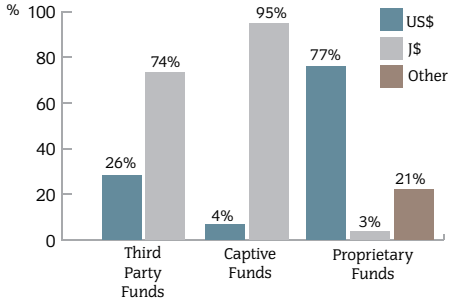
In Jamaica, the Group's asset management activities are undertaken by Guardian Asset Management Jamaica (GAMJA). For 2009, GAMJA reported substantial growth in both revenues and profitability compared to 2008 despite a depressed global economic environment. Reported revenue for 2009 amounted to J$813 million an increase of 77% over that reported for 2008. GAMJA's reported after tax profit totalled J$463 million an improvement of 147% over the result for 2008. Improved profitability resulted from better interest rate spreads and additionally through realised gains on security trading.



GAMJA's funds under management (FUM) rose by 5.4%, from J$17.2 billion in 2008 to J$18.1 billion in 2009 whilst total AUM grew by J$7.3 billion to J$57.5 billion, an increase of 14%. More importantly, the number of individual investor accounts increased by approximately 20%.

Like GAM, the investment portfolios under management by GAMJA are protected through disciplined diversifi cation over a range of investment instruments held across various currencies; the comparative currency mix of these portfolios is depicted in the charts shown below:





<u>Jamaica Debt Exchange</u> • In the last quarter of the year, the Government of Jamaica reported that a liability management programme would be pursued in 2010 to improve both the cost and maturity profile of Jamaica's overall debt portfolio. In January 2010, a substantial restructure involving the exchange of Government of Jamaica debt instruments for equivalent lower coupon instruments was successfully negotiated (the Jamaica Debt Exchange) with holders of the existing debt instruments.

It is the Group's view that the Jamaica Debt Exchange provides an opportunity for the Government of Jamaica to move towards a position of sustainable economic development and growth. By its implementation is expected to entrench the necessary fiscal austerity that would ensure the development of a robust financial sector in Jamaica in 2010 and beyond, and accordingly have been fully supportive of this initiative.

Alternative Investments

Laevulose Inc. Limited: Pointe Simon Waterfront Project • This mixed use development in downtown Fort de France, Martinique, is on the waterfront adjacent to the Cruise Ship Complex at Pointe Simon.

During 2009, construction work on the Project continued to deliver a 20 storey office tower, an eight storey office block and 40 luxury waterfront condominiums.

The Project is at the stage where payments have been accepted on 20% of the condominiums, and an agreement reached for leasing approximately 35% of the office tower. Construction work is expected to be completed at the end of 2011.

Eastern Caribbean Gas Pipeline (ECGPC) • The Government of Barbados has agreed to the pipeline as a mode of transportation for importing natural gas into Barbados from Trinidad and Tobago. Negotiations between the ECGPC and the Government of Barbados will continue during 2010.

Preliminary work on the pipeline has been completed. Detailed engineering and construction work will be carried out during 2010, with a targeted completion date of the first quarter 2013.

Human Resources

"Yesterday I dared to struggle. Today I dare to win".

(Bernadette Devlin)

As organisations the world over continue to grapple with the enormous challenges posed by the Global economic downturn and the uncertainty around its depth and duration, the GHL Group continues to pursue its strategy "to become the Regional Wealth Management and Protection Champion, while building its position in selected international markets".

The Group is very optimistic, not only about the future but, more importantly, about taking ownership for the decisions that ultimately shape its destiny. Dave Ulrich's statements that "the 20th century will belong to human resources and to organisational capabilities" and "the quality of people and their engagement will be critical factors in corporate vitality and survival", are even more relevant in the 21st century as when they were first articulated. Their relevance is rooted in the fact that people are GHL's greatest assets and, more than ever, the Group has to compete as much on its intellectual capital as on its fi nancial capital. The business landscape has changed fundamentally and tomorrow's environment will be different but no less rich in possibilities for those organisations that are prepared.

It is within this context that the Group Human Resource strategy for 2010 is "**Creating Competitive Advantage through People**". In order to move this strategy from concept to reality, Group HR will focus on these key HR initiatives:

Talent Management

- To significantly improve the Group's ability to attract, recruit and retain top quality talent.
- To segment the organisation so as to identify key employees/ key talent in the most important jobs through a robust and fair performance management system to ensure that those employees are appropriately rewarded and training and development opportunities are appropriately targeted.
- To continue the process of succession planning and leadership development.
- To build requisite bench strength that will allow GHL to fill the leadership pipeline in a timely manner.
- To develop a framework for parallel career paths at all levels in the organisation.

HR Operations and Organisation Structure

- To revisit and rationalise the existing HR structure to ensure that HR Resources are appropriately allocated between transactional and strategic work requirements so as to facilitate consistent delivery of quality service aligned to Business Unit strategy.
- To use the robustness of the PeopleSoft system to enable more efficient and effective management of our human capital.
- To continue the process of standardising policies and procedures across the group.

Business Leadership

- To continue to provide employees within the HR division, across lines of business, with the opportunity to develop a better understanding of the business.
- To continue to play the role of strategic business partnering.

Metrics and Measurement

- To devote staff resources to creating, tracking, analysing and disseminating HR metrics that will allow the Group to predict organisational performance.

In 2009, the leadership of GHL took the bold step to clean up its balance sheet and is extremely optimistic about the future. GHL firmly believes that people are its greatest assets and is prepared to walk the talk by investing in them, just as it invests in other assets.

Social Responsibility

GHL believes in balancing its social conscience with its business. No single act can build and retain public trust; it requires a focus on reporting requirements, corporate governance and a philosophy of social responsibility and ethical behaviour. Strategic social responsibility helps GHL to build brand loyalty, attract and retain quality employees, smooth the path for entering new markets and appeals to the growing number of socially responsible investors. The Group's four main areas of social responsibility focus are Education, Sport, Environment and Community.

Education • The educational system provides the human resource capital that drives its operations. As such the Group supports regional development goals, from the primary level right through to the tertiary. This is particularly evidenced by the Group's partnership with The University of the West Indies in the Premium Teaching Award/Lecture Series. The commitment, made in 1998 with the St. Augustine Campus and extended to the Mona Campus in 2003, serves to enhance the teaching process at The UWI by recognising outstanding accomplishments of academic staff. Every other year an internationally recognised professional in the field speaks at the two Faculties with invitations extended to the teaching and human resource fraternities nationally. The success and sustainability of this programme exemplify the value the Group places on excellence.

Sport • Eight years sponsorship of the premier track and field meet in the Caribbean reflects the Group's commitment to building stronger communities and promoting positive, healthy lifestyles across the region. The IAAF recognised CARIFTA Games has been the launching pad of some of the Caribbean's most talented athletes to realise their full potential on a global scale. These include Veronica Campbell, Darrell Brown, Marc Burns and, most recently, double World Record holder, Usain Bolt.

Through a partnership with the Trinidad & Tobago Olympic Association, Guardian Life of the Caribbean provides direct assistance to needy athletes; facilitates an elderly aquatic programme and stages an Intergenerational Heritage Games in selected rural communities.

Environment • In 2009 the Energy Chamber (formerly South Trinidad Chamber of Industry and Commerce) recognised GHL for its efforts and commitment to protecting the environment at its annual sustainability awards. The Leadership Award for "Sustaining the Environment: Making the Most of Green Opportunities" was in recognition of the Guardian Life Wildlife Fund initiative dedicated to saving the critically endangered Pawi (Trinidad Piping Guan, Pipile pipile), as well as the Group's "responsible waste management and collection" drive. GHL and its employees continue to initiate and support projects that protect the environment while seeking to minimise their carbon footprint overall.

The United Nations Development Programme (UNDP) also approved a Small Grant of $300,000 to the Guardian Life Wildlife Fund for Platform 1 of its 'Pride in Pawi' Project. This aims to educate – through a community based approach - hunters, the local communities in areas in which the Pawi has been sighted, and other stakeholders about the threatened status of this species, its national importance and value to conservation. The grant will be payable in three tranches in 2010.

Community • In the Caribbean, the GHL Group has moved to support corporate and community initiatives to combat crime by serving on Chamber committees and supporting national outreach campaigns by local police forces. In Jamaica, specifically, Guardian Asset Management supported a drive by the Manchester Chamber of Commerce to install Closed Circuit Television Cameras in the Parish.

GIFT, Guardian Initiatives for Transformation, is employees' response to their societal role to positively impact communities. GIFT's charter and two-year operational plan focuses on delivering its mission to "engage, inspire and recognise Team GHL in the pursuit of employee volunteering or employee community involvement".

More than 60 employees in Trinidad & Tobago formally signed up as GIFT Champions, with a lot more unofficial champions. Employees are engaged year-round on projects geared towards making a difference in the lives of children, families and the elderly. In the aftermath of the January 2010 earthquake in Haiti, GIFT teamed with employees in Curaçao and Jamaica to donate more than $125,000 in cash plus non-perishable foodstuff. This collaboration is the start of the committee's objective to establish GIFT regionally.

In accordance with the recognised principles of Corporate Governance the Board of Directors of Guardian Holdings Limited established the following standing committees:

- Audit, Risk and Compliance Committee
- Remuneration Committee
- Corporate Governance Committee

Each Committee is governed by a Charter which sets out its responsibilities. The composition of each Committee is reviewed on an annual basis by the Corporate Governance Committee which makes recommendations to the Board. Each Charter is reviewed annually by the Board and each Committee makes an annual report to the Board of Directors.

The Committee Reports for 2009 are set out hereunder.

Report of the Audit, Compliance & Risk Committee

The GHL Audit, Compliance & Risk Committee (the Committee) is comprised of five (5) non-executive directors.

- Mr. Selby Wilson (Chairman)
- Mr. Arthur Lok Jack
- Mr. Peter Ganteaume
- Mr. Imtiaz Ahamad
- Mr. David Davies

The Committee is governed by a charter which sets out its responsibilities in respect of the financial statements, internal controls, the internal audit function, external audit, compliance and risk matters. The Committee held seven meetings in 2009 in order to discharge its responsibilities

The Charter of the Audit & Compliance Committee was revised by the Committee on August 3, 2009 to include oversight for risk management. The revised charter was adopted by the GHL Board on September 7, 2009 and the Committee was consequently renamed the Audit, Compliance & Risk Committee.

Independence of the Group Internal Auditor • The Committee is satisfi ed that the Group Internal Auditor and the Internal Audit staff perform their duties in an objective and transparent manner. Further, the Committee has satisfi ed itself that the performance of the function is not subject to management's undue influence.

Structure of the Group Internal Audit Function • The chief audit executive (the Group Internal Auditor) has unfettered access to the GHL Audit, Compliance and Risk Committee, with an administrative reporting relationship to the Group Chief Executive Officer. The Group Internal Auditor has complete and direct functional authority over for the Group's internal audit staff.

Internal Control and the Internal Audit Function • The internal audit function is the key element of the ongoing assessment of the adequacy and effectiveness of the Group's internal control systems. During the year under review, any significant weaknesses in internal controls noted by the internal auditors and management's risk corrective actions were presented to the Committee at its quarterly meetings. The Committee members have satisfied themselves that the risk corrective actions identified by management for implementation have remedied the weaknesses in internal controls that were highlighted in the internal audit reports presented to them.

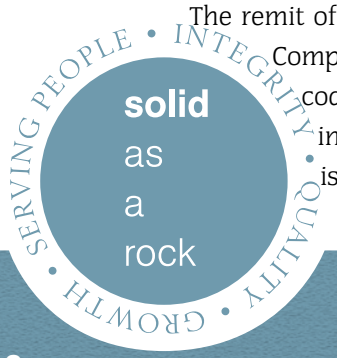
The Audit, Compliance & Risk Committee is confident that the internal audit department is performing its responsibilities as set out in the internal audit charter.

External Audit • As indicated in GHL's 2008 Annual Report, having considered that PricewaterhouseCoopers were the Group's Auditors since its establishment in 1996, it was recommended that the Group implement a review process of the engagement of auditors every five years commencing with the year 2009. The recommendation was accepted by the shareholders at the 2009 Annual Meeting when it was resolved that the directors be authorised to appoint auditors and fix their remuneration. The Audit, Compliance & Risk Committee thereupon solicited and reviewed proposals and interviewed the proposers. They decided to recommend to the Board the appointment of Ernst & Young as the Group's auditors and this recommendation was accepted.

The Committee has reviewed and approved the external auditor's proposed audit scope and approach for the 2009 financial year. The members are satisfied that Ernst & Young has planned the audit to obtain reasonable assurance that the financial statements are free of material misstatement and present a fair view of the financial position of the Group as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Financial Statements • During 2009, the interim unaudited financial statements were presented to the Committee at its quarterly meetings. The Committee is satisfied that the audited financial statement contained in this Annual Report is complete, consistent with information known to its members and in conformity with appropriate accounting principles that are consistently applied.

Compliance • The Group Vice President – Compliance (Group Head, Compliance) reports to the GHL Audit Compliance and Risk Committee and leads the Group Compliance Unit. The remit of the Unit is to provide assurance to the Board that the GHL Group of Companies complies with all applicable laws, regulations, and internal policies, codes of conduct and standards of good practice in those jurisdictions in which the Group's businesses operate. The Group Compliance Unit is vested with the authority to formulate and establish procedures to



facilitate the implementation and enforcement of the Group's Anti-Money Laundering Compliance Policy and the Group Compliance Policy adopted by the Board of Guardian Holdings Limited in 2004.

The Unit has established a compliance reporting framework throughout the Group and receives periodic compliance reports from the business units on compliance with applicable laws and regulations, regulatory developments and compliance issues. The Unit reports quarterly to the Audit, Compliance & Risk Committee and during the year under the review reported to the Committee on the status of each business unit's compliance with applicable laws and regulations, regulatory developments and the follow up and resolution of compliance issues. The Committee is satisfi ed that compliance issues raised during the year have been properly followed up and resolved and that there are no material issues remaining unresolved at the year end.

Risk • Risk is a reality of doing business, not just because of the increasingly risky external environment in which the Group operates, but also because the GHL business units are primarily in the business of risk taking.

As a cornerstone of any successful insurance organisation, GHL continuously refi nes its approach to risk management; to respond proactively and assure that the leadership is taking a considered approach to the assessment, prioritisation and management of all risks – old and emerging, in a strategic and enterprise consistent way.

The Board of Directors, on recommendation of the Audit, Compliance and Risk Committee, has appointed a Group Chief Risk Officer to facilitate the establishment of Group wide standards and practices in Risk Management with a mandate to implement a group-wide Enterprise Risk Management Framework. In its 2004 ERM framework, the Committee of Sponsoring Organisations of the Treadway Commission (COSO) defines ERM as "... a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives." GHL's insurance rating agency A.M. Best defines ERM as "a process by which companies systematically identify, measure, and manage the various types of risk inherent within their operations."

What value can an Enterprise Risk Management approach bring to an already robust approach to corporate governance? The fact is - each strengthens the other. While effective governance creates the context for understanding risk and GHL's capabilities to manage these risks, an ERM approach will augment Board oversight, clarify roles and responsibilities and define authorities and boundaries.

GHL's embrace of an Enterprise Risk Management approach is also driven by the need to advance the maturity of the Group's risk management capabilities in a rapidly changing environment. GHL must become better at identifying, prioritising and planning for risk; as external regulatory

and operating environments change with new risks emerging, the organisation must be assured that these are highlighted for action and possible disclosure. An ERM approach offers a comprehensive perspective on risk reduction as it relates to the erosion of critical sources of shareholder value through its focus on earnings volatility reduction and the avoidance of earnings related surprises.

The appointment of a Group CRO is just a starting point in assuring a greater alignment and integration of GHL's multiple functions managing multiple risks. A common framework will deepen the integration of risk management into critical activities including strategic and operational planning, capital allocation and expenditure and merger and acquisition due diligence and integration processes.

Marsh and Oliver Wyman have been engaged, in a joint consulting arrangement, to support the development of an ERM framework for GHL. Their specific consulting engagement will deliver an assessment and gap analysis of GHL's current risk management practices, capabilities and needs relative to internationally recognised benchmarks including COSO standards, AM Best and Standard and Poor's assessment criteria and generally accepted industry best practices. Additionally, the study will provide recommendations on strengthening governance, organisational and reporting structure, processes and controls - at the GHL level and cascading to subsidiaries globally. Further, an investment in one of the leading global Enterprise Governance, Risk and Compliance Technology Platforms will facilitate the centralisation of control, the standardisation of processes and controls and the responsiveness of reporting in support of business objectives and regulatory enquiry. These specific initiatives will be reviewed by the board with roll-out commencing in the second quarter of 2010.

Report of the Remuneration Committee

The Remuneration Committee is comprised of four (4) non-executive directors. The Committee is responsible for determining:

- The remuneration packages of the Chairman and members of the boards of directors of all GHL Group Companies;
- The remuneration and performance and incentive awards for senior executives of all GHL Group Companies as identified from time to time by the Committee;

and making recommendations with respect to the recruitment, engagement and promotion of senior executives of the GHL Group as identified from time to time by the Committee.

The members of the Committee are:

- Mr. Arthur Lok Jack (Chairman)
- Mr. Philip Hamel-Smith
- Mr. Antony Lancaster
- Mr. Peter Ganteaume

The Committee held five (5) meetings during 2009 to discharge the responsibilities outlined in its Charter. In the course of these meetings the Committee considered the following matters on which it made recommendations to the GHL board:

- Grant of Executive Incentive Awards
- Review of Director Remuneration
- Review of Long Term Incentive Plan for Executives

In addition to these routine matters, the Committee oversaw the development and introduction of an EVA (Economic Value Added) incentive plan for GHL Executives.

Report of the Corporate Governance Committee

The Corporate Governance Committee was established in November 2006 and is comprised of four (4) non-executive directors.

The members of this Committee are:

- Mr. Philip Hamel-Smith (Chairman)
- Mr. Arthur Lok Jack
- Mr. Peter Ganteaume
- Mr. Antony Lancaster

The objectives of the Corporate Governance Committee are to develop, implement and periodically review guidelines for appropriate corporate governance of the GHL Group of Companies. The Corporate Governance Committee's responsibilities include:

1) Making recommendations to the board of Directors of GHL on the composition of the Board and its Committees,
2) identifying and nominating, for the approval of the GHL Board, suitable candidates to fill vacancies on the boards of directors and board committees of GHL and its major operating subsidiaries;
3) developing and implementing processes to assess Board and Committee effectiveness;
4) fostering a system to prevent any improper infl uence, or the perception of any improper influence, on the decision-making of the directors, officers and employees of the GHL Group by outside interests, including those of related parties.

The Committee held two (2) meetings during 2009 to discharge the responsibilities outlined in its Charter. At these meetings the Committee reviewed Board and Committee compositions. Several board adopted policies are subject to review by this Committee, which is an ongoing exercise directed towards continuous improvement of the Group's Corporate Governance structure, particularly in light of the changing regulatory environment. These policies include the Group's Insider Trading, Conflict of Interest and Disclosure Policies.

notice of annual meeting

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Guardian Holdings Limited for 2010 will be held at The Atrium, Guardian Corporate Centre, 1 Guardian Drive, Westmoorings, on May 12, 2010 at 4:30 in the afternoon for the following purposes:

1. To review and consider the Consolidated Financial Statements of the Company for the year ended December 31, 2009 and the Reports of the Directors and Auditors thereon.
2. To elect Directors for specifi ed terms and for such purpose and (if thought fi t) to pass the following resolutions:
   (a) That the Directors to be elected be elected en bloc;
   (b) That Messrs. Antony Lancaster, Selby Wilson, Peter Ganteaume and Philip Hamel Smith be and are hereby re-elected Directors of the Company for a term expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-law No. 1;
3. To re-appoint Auditors and to authorise the Directors to fix their remuneration for the ensuing year.

By Order of the Board

Fé Lopez-Collymore

Corporate Secretary

Date: March 17, 2010

notes to the notice of annual meeting

Members are asked to observe the following requirements of the By-Laws for attendance and voting at the Annual Meeting.

Proxies • Members of the company entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to attend and vote instead of them. A proxy need not also be a member. Where a proxy is appointed by a corporate member, the form of proxy should be executed under seal or be signed by its attorney.

Members who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person.

Representatives of Corporations • Corporate members are entitled to attend and vote by a duly authorised representative who need not himself be a member. Such appointment must be by resolution of the board of directors of the corporate member.

Delivery to the Company • Any instrument appointing a proxy (including an instrument evidencing the authority pursuant to which it is executed) or evidencing the authority of a representative of a corporate member, must be completed and deposited with the Secretary at the Company's Registered Office, 1 Guardian Drive, Westmoorings, not less than 48 hours before the time for holding the meeting or adjourned meeting.

Proof of Identity • Members are also reminded that the By-Laws provide that the Directors may require that any member, proxy or duly authorised representative provide satisfactory proof of his identity before being admitted to the Annual Meeting.

Persons Entitled to Notice • In accordance with section 110(2) of the Companies Act, 1995 the Directors of the Company have fixed April 13, 2010 as the Record Date for the determination of shareholders who are entitled to receive Notice of the Annual Meeting. Only shareholders on record at the close of business on April 13, 2010 are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.

Directors' Contracts • There are no contracts during or at the end of the year ended December 31, 2009 in which a director of the company is or was materially interested and which is or was significant in relation to the company's business.

There are no service contracts between a director and the company or any subsidiary company which has a term of 10 years or more and cannot be determined without payment of compensation.

directors' report

The Directors have pleasure in submitting their Report for the year ended December 31, 2009.

	2009	2008
Revenue	4,599,713	4,072,476
Operating profit before fair value gains	531,561	455,221
Share of profits of associated companies	15,573	28,061
Profit/(loss) before taxation	493,910	(39,671)
Taxation	(116,676)	(18,827)
Profi t/(loss) for the year from continuing operations	370,836	(49,864)
Total assets	21,742,226	22,058,918
Insurance contract liabilities	10,511,045	12,132,682
Equity attributable to owners of the parent	2,340,710	3,000,238

Dividends • An interim dividend of eleven (11) cents per share was paid in 2009. At their meeting on March 26, 2010 the Directors declared a Final Dividend of 33 cents per share which will be paid on April 19, 2010 to shareholders on the Register as at April 13, 2010. The total dividend for 2009 therefore amounts to 44 cents per share.

Directors • Messrs. Antony Lancaster, Selby Wilson, Peter Ganteaume and Philip Hamel Smith having been elected for terms expiring at the close of this Annual Meeting retire and offer themselves for re-election.

Directors and Signifi cant Interests• These are shown on page 39 and should be read as part of this report.

Auditors • The Auditors, Ernst & Young, retire and being eligible, offer themselves for re-appointment.

By Order of the Board

Fé Lopez-Collymore
Corporate Secretary

Date: March 26, 2010

directors' and substantial interests

In accordance with paragraphs 8(f) and 8(g) of GHL's Listing Agreement with the Trinidad & Tobago Stock Exchange, we record hereunder particulars of the interest of each Director of the Company and substantial interests in the Capital of the Company as at the end of the Company's Financial Year, December 31, 2009 and any changes in these interests at a date not more than one month prior to the date of the notice convening the Annual Meeting.

	31/12/09		17/2/2009	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
Mr. Arthur Lok Jack	14,581,947	Nil	14,581,947	Nil
Mr. Jeffrey Mack	Nil	Nil	Nil	Nil
Mr. Peter Ganteaume	632,992	Nil	632,992	Nil
Mr. Imtiaz Ahamad	4,813,763	Nil	4,813,763	Nil
Mr. Douglas Camacho	408,387	Nil	408,387	Nil
Mr. David Davies	Nil	Nil	Nil	Nil
Mr. Philip Hamel-Smith	291,497	Nil	291,497	Nil
Mr. Antony Lancaster	3,517	Nil	3,517	Nil
Dr. Aleem Mohammed	Nil	Nil	Nil	Nil
Mr. Selby Wilson	60,000	Nil	60,000	Nil
Notes: Mr. A. Lok Jack has a beneficial interest in Tenetic Limited				
SUBSTANTIAL INTERESTS				
RBTT Insurance Holdings Limited	26,834,254	Nil	26,834,254	Nil
Tenetic Limited	35,841,859	Nil	35,841,859	Nil

A substantial interest means one-tenth or more of the issued Capital of the Company.

GUARDIAN
HOLDINGS
LIMITED

table of contents (financial statements)

independent auditors' report

To the Shareholders of Guardian Holdings Limited

We have audited the accompanying consolidated financial statements of Guardian Holdings Limited and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated fi nancial statements present fairly, in all material respects, the fi nancial position of Guardian Holdings Limited and its subsidiaries as of 31 December 2009, and its fi nancial performance and its cash fl ows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The 2008 consolidated fi nancial statements were audited by other auditors whose report dated 31 March 2009 expressed an unqualifi ed opinion. As part of our audit of the 2009 consolidated fi nancial statements, we also audited the adjustments described in Note 49 that were applied to amend the 2008 and 2007 consolidated fi nancial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2008 and 2007 consolidated fi nancial statements of Guardian Holdings Limited and its subsidiaries other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2008 and 2007 consolidated fi nancial statements.

Ernst + Young

Port of Spain,

TRINIDAD:

26 March 2010

consolidated statement of financial position

expressed in trinidad & tobago dollars • december 31, 2009

	Notes	2009 $'000	2008 $'000 (Restated)	2007 $'000 (Restated)
ASSETS				
Property, plant and equipment	5	**508,644**	591,054	675,407
Investment properties	6	**959,190**	753,373	627,477
Intangible assets	7	**270,232**	644,066	1,105,077
Investment in associated companies	8	**274,074**	271,946	477,245
Financial assets	9	**10,741,996**	10,814,763	11,149,615
Loans and receivables including insurance receivables	10	**1,196,828**	1,211,565	1,262,269
Pension plan assets	11	**53,973**	105,042	142,879
Value to shareholders of inforce long-term business	12	**583,705**	570,243	529,519
Deferred tax assets	13	**47,378**	78,956	71,165
Reinsurance assets	14	**408,138**	1,042,338	982,024
Deferred acquisition costs	15	**466,540**	521,909	594,434
Taxation recoverable		**158,295**	131,933	130,031
Cash and cash equivalents	16	**2,104,353**	2,979,309	3,204,037
Other assets	17	**1,155,944**	1,396,995	1,076,109
Assets held for sale	18	**1,319,239**	—	—
		20,248,529	21,113,492	22,027,288
Segregated funds				
Financial assets of Mutual Fund unit holders	9	**962,445**	515,626	454,470
Cash and cash equivalents of Mutual Fund unit holders	16	**130,308**	43,215	19,422
Segregated fund assets of life insurance policyholders	19	**400,944**	386,585	449,616
		1,493,697	945,426	923,508
Total assets		**21,742,226**	22,058,918	22,950,796

consolidated statement of financial position (ctd.)

expressed in trinidad & tobago dollars • december 31, 2009

	Notes	2009 $'000	2008 $'000 (Restated)	2007 $'000 (Restated)
EQUITY AND LIABILITIES				
Share capital	20	**1,545,659**	1,539,271	1,520,154
Reserves	21	**(329,809)**	(652,811)	(62,301)
Retained earnings		**1,124,860**	2,113,778	2,021,390
Equity attributable to owners of the parent		**2,340,710**	3,000,238	3,479,243
Non-controlling interests				
Mutual Fund holders		**866,167**	487,356	361,248
Non-controlling interests in subsidiaries	22	**105,429**	101,659	56,633
Total non-controlling interests		**971,596**	589,015	417,881
Total equity		**3,312,306**	3,589,253	3,897,124
Liabilities				
Insurance contracts	23	**10,511,045**	12,132,682	11,976,622
Financial liabilities	24	**4,844,724**	4,829,635	5,016,892
Post retirement medical benefi t obligations	25	**69,498**	48,458	40,277
Deferred consideration		**—**	—	188,157
Deferred tax liabilities	13	**199,726**	226,273	243,160
Provision for taxation		**95,776**	86,299	139,722
Other liabilities	26	**860,608**	759,733	999,226
Liabilities related to assets held for sale	18	**1,447,599**	—	—
		18,028,976	18,083,080	18,604,056
Segregated fund liabilities of life insurance policyholders	19	**400,944**	386,585	449,616
Total liabilities		**18,429,920**	18,469,665	19,053,672
Total equity and liabilities		**21,742,226**	22,058,918	22,950,796

The notes on pages 52 to 181 are an integral part of these consolidated fi nancial statements. On 26 March 2010, the Board of Directors of Guardian Holdings Limited authorised these fi nancial statements for issue.

Director

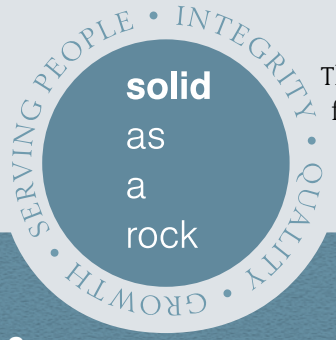
Director

consolidated income statement

expressed in trinidad & tobago dollars • december 31, 2009

	Notes	Year Ended December 2009 $'000	Year Ended December 2008 $'000 (Restated)
Insurance premium income	27	**4,027,950**	4,026,379
Insurance premium ceded to reinsurers	27	**(724,242)**	(748,864)
Net insurance premium income	27	**3,303,708**	3,277,515
Investment income	28	**939,843**	876,705
Net realised gains / (losses) on fi nancial and other assets	29	**13,844**	(35,783)
Net fair value gains / (losses) on fi nancial and other assets	30	**57,062**	(388,149)
Commission income		**112,629**	110,071
Increase in value to shareholders of inforce long-term business	12	**35,121**	70,313
Fee income	31	**30,295**	30,876
Other operating income	32	**107,211**	130,928
Total revenue		**4,599,713**	4,072,476
Net insurance benefi ts and claims	33	**(2,392,236)**	(2,312,393)
Expenses	34	**(1,618,854)**	(1,693,011)
Operating profi t		**588,623**	67,072
Share of profi t of associated companies		**15,573**	28,061
Finance charges	35	**(110,286)**	(134,804)
Profi t / (loss) before taxation		**493,910**	(39,671)
Taxation	36	**(116,676)**	(18,827)
Profi t / (loss) after taxation		**377,234**	(58,498)
Amount attributable to participating policyholders		**(6,398)**	8,634
Profi t / (loss) from continuing operations		**370,836**	(49,864)
Net loss on discontinued operations	37	**(1,191,863)**	(237,279)
Net gain on sale of equity investments	38	**—**	527,254
(Loss) / profi t for the year		**(821,027)**	240,111
(Loss) / profi t attributable to:			
- Equity holders of the parent		**(844,707)**	235,810
- Non-controlling interests		**23,680**	4,301
		(821,027)	240,111
(Loss)/Earnings per share			
- Basic, for (loss) / profit attributable to ordinary equity holders of the parent	39	**($4.18)**	$1.17
- Diluted, for (loss) / profit attributable to ordinary equity holders of the parent	39	**($4.04)**	$1.13
Earnings/(loss) per share for continuing operations			
- Basic, for profit / (loss) attributable to ordinary equity holders of the parent	39	**$1.72**	($0.27)
- Diluted, for profit / (loss) attributable to ordinary equity holders of the parent	39	**$1.66**	($0.26)

The notes on pages 52 to 181 are an integral part of these consolidated fi nancial statements.



consolidated statement of comprehensive income

expressed in trinidad & tobago dollars • december 31, 2009

	Year Ended December 2009 $'000	Year Ended December 2008 $'000 (Restated)
(Loss) / profi t for the year	(821,027)	240,111
Other comprehensive income / (loss)		
Exchange differences on translating foreign operations	284,343	(511,304)
Gains / (losses) on property revaluation	10,824	(28,650)
Net gain / (loss) on available-for-sale financial assets	92,819	(115,559)
Actuarial losss on defi ned benefi t pension plans	(49,697)	(31,473)
Other reserve movements	1,677	(2,942)
Income tax relating to components of other comprehensive income	181	—
Other comprehensive income / (loss) for the period, net of tax	340,147	(689,928)
Total comprehensive (loss) / income for the period, net of tax	(480,880)	(449,817)
Total comprehensive (loss) / income attributable to:		
- Equity holders of the parent	(570,106)	(374,401)
- Non-controlling interests	89,226	(75,416)
	(480,880)	(449,817)

The notes on pages 52 to 181 are an integral part of these consolidated fi nancial statements.

consolidated statement of changes in equity

expressed in trinidad & tobago dollars • december 31, 2009

	Attributable to equity holders of the parent					
	Share Capital $'000	Reserves (Note 21) $'000	Retained Earnings $'000	Total Ordinary Shareholders' Equity $'000	Non-controlling Interests $'000	Total Equity $'000
At 1 January 2009	1,539,271	(652,811)	2,113,778	3,000,238	589,015	3,589,253
(Loss) / profi t for the year	—	—	(844,707)	(844,707)	23,680	(821,027)
Other comprehensive income / (loss)	—	321,887	(47,286)	274,601	65,546	340,147
Total comprehensive income / (loss)	—	321,887	(891,993)	(570,106)	89,226	(480,880)
Net change in Mutual Fund holder balances	—	—	—	—	323,334	323,334
Transfer to / from retained earnings	—	1,115	(1,115)	—	—	—
Share option scheme - value of services provided (Note 20)	9,193	—	—	9,193	—	9,193
Share option scheme - lapses (Note 20)	(2,253)	—	2,253	—	—	—
Repurchase of shares	(552)	—	(977)	(1,529)		(1,529)
Dividends (Note 40)	—	—	(97,086)	(97,086)	(29,979)	(127,065)
Balance at 31 December 2009	1,545,659	(329,809)	1,124,860	2,340,710	971,596	3,312,306

The notes on pages 52 to 181 are an integral part of these consolidated fi nancial statements.

consolidated statement of changes in equity (ctd.)

expressed in trinidad & tobago dollars • december 31, 2009

	Attributable to equity holders of the parent					
	Share Capital $'000	Reserves (Note 21) $'000	Retained Earnings $'000	Total Ordinary Shareholders' Equity $'000	Non-controlling Interests $'000	Total Equity $'000
At 1 January 2008 as previously reported	1,520,154	(62,440)	2,113,730	3,571,444	56,633	3,628,077
Prior period adjustments (Note 49)	—	139	(92,340)	(92,201)	361,248	269,047
Balance at 1 January 2008 - restated	1,520,154	(62,301)	2,021,390	3,479,243	417,881	3,897,124
Profit for the year - restated (Note 49)	—	—	235,810	235,810	4,301	240,111
Other comprehensive loss	—	(585,969)	(24,242)	(610,211)	(79,717)	(689,928)
Total comprehensive loss	—	(585,969)	211,568	(374,401)	(75,416)	(449,817)
Net change in Mutual Fund holder balances	—	—	—	—	230,375	230,375
Transfer to / from retained earnings	—	(4,541)	4,541	—	—	—
Issues of shares - non-controlling interests	—	—	—	—	43,889	43,889
Share option scheme - issue of shares	12,413	—	—	12,413	—	12,413
Share option scheme - value of services provided (Note 20)	14,276	—	—	14,276	—	14,276
Share option scheme - lapses (Note 20)	(7,572)	—	7,572	—	—	—
Dividends (Note 40)	—	—	(131,293)	(131,293)	(27,714)	(159,007)
Balance at 31 December 2008 - restated	1,539,271	(652,811)	2,113,778	3,000,238	589,015	3,589,253

The notes on pages 52 to 181 are an integral part of these consolidated fi nancial statements.

consolidated statement of cash flows

expressed in trinidad & tobago dollars • december 31, 2009

	Notes	Year Ended December 2009 $'000	Year Ended December 2008 $'000 (Restated)
Cash flows from operating activities			
Profit / (loss) before taxation from continuing operations		**493,910**	(39,671)
(Loss) / profit before taxation from discontinued operations		**(1,190,388)**	291,592
Adjustment for specific items included on the accruals basis:			
- Finance charges		**110,286**	134,804
- Investment income		**(939,843)**	(876,705)
Adjustment for non-cash items	41	**1,241,426**	214,527
Interest received		**844,314**	739,236
Dividends received		**54,833**	89,986
Operating profit before changes in operating assets / liabilities		**614,538**	553,769
Net increase in insurance liabilities		**843,071**	156,060
Net increase in reinsurance assets		**(48,860)**	(60,314)
Net increase in investment contracts		**122,903**	52,582
Purchase of financial assets		**(8,783,250)**	(10,288,998)
Proceeds from sale of equity in RBTT Financial Holdings Limited		**—**	991,489
Proceeds from sale of equity in Royal Bank of Canada		**—**	636,469
Proceeds from sale of other financial assets		**7,753,934**	7,930,147
Purchase of investment properties		**(240,786)**	(106,866)
Proceeds from sale of investment properties		**—**	6,149
Net (increase) / decrease in loans and receivables		**(131,573)**	61,356
Net increase in other operating assets/liabilities		**(752,772)**	(360,504)
Cash used in operating activities		**(622,795)**	(428,661)
Interest paid		**(99,268)**	(148,573)
Net taxation paid		**(73,826)**	(63,298)
Net cash used in operating activities		**(795,889)**	(640,532)

consolidated statement of cash flows (ctd.)

expressed in trinidad & tobago dollars • december 31, 2009

	Notes	Year Ended December 2009 $'000	Year Ended December 2008 $'000 (Restated)
Cash flows from investing activities			
Additional investment in associated company		**(1,657)**	(24,776)
Proceeds on sale of associated companies		—	174,354
Proceeds on sale of subsidiary company		—	532,636
Purchase of property, plant and equipment		**(72,075)**	(42,304)
Proceeds on sale of property, plant and equipment		**81,344**	21,886
Purchase of intangible assets		**(5,977)**	(12,816)
Loan repayments received from related parties		**34,275**	—
Net cash provided by investing activities		**35,910**	648,980
Cash flows from financing activities			
Repurchase of shares		**(1,529)**	—
Proceeds from issue of shares		—	12,413
Proceeds from borrowings		**4,156,357**	1,127,826
Repayments of borrowings		**(4,026,146)**	(1,021,595)
Dividends paid to equity holders of the parent	40	**(97,086)**	(131,293)
Dividends paid to non-controlling interests		**(29,979)**	(27,714)
Subscriptions of Mutual Funds		**1,151,203**	918,979
Redemptions of Mutual Funds		**(638,976)**	(723,225)
Net cash provided by financing activities		**513,844**	155,391
Net (decrease) / increase in cash and cash equivalents	16	**(246,135)**	163,839

The notes on pages 52 to 181 are an integral part of these consolidated financial statements.

1. Incorporation And Principal Activities Of The Group

Guardian Holdings Limited (the 'Parent' and ultimate parent) was incorporated in the Republic of Trinidad and Tobago on 8 November 1982. It is a public limited liability holding company. The address of the registered offi ce is 1 Guardian Drive, Westmoorings S.E., Trinidad and Tobago.

The Guardian Holdings Group (the 'Group') is a diversifi ed fi nancial services Group engaged in underwriting all classes of long-term, property and casualty business, and the provision of pension and asset management services. The Group conducts its operations through subsidiaries, associated companies and joint ventures.

The ordinary shares of the parent company are listed on the Trinidad and Tobago Stock Exchange and the Jamaica Stock Exchange.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated fi nancial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated fi nancial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, as modifi ed by the revaluation of land and buildings, investment properties, available-for-sale investment securities, derivative fi nancial instruments and fi nancial assets at fair value through profi t or loss which are carried at fair value.

The preparation of fi nancial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are signifi cant to the consolidated fi nancial statements are disclosed in Note 3.

(a) New standards and amendments / revisions to published standards and interpretations effective in 2009

The following amendments to published standards are mandatory for the Group's accounting periods beginning on or after January 1, 2009:

IAS 1 (Revised) Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments / revisions to published standards and interpretations effective in 2009 (continued)

IAS 1 (Revised) Presentation of Financial Statements (continued)

In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IFRS 7 (Amendment) - Financial Instruments: Disclosures

The amendment to the standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. Furthermore, for those instruments which have signifi cant unobservable inputs (classifi ed as Level 3), the amendment requires disclosures of the transfers into and out of Level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognised in other comprehensive income, purchases, sales issues and settlements, and sensitivity analysis of reasonably possible changes in assumptions. In addition, disclosure is required of the movements between different levels of the fair value hierarchy and the reason for those movements. Finally, the standard amends the previous liquidity risk disclosures as required under IFRS 7 for non-derivative and derivative financial liabilities. The fair value measurement disclosures are presented in Note 42, and the liquidity risk disclosures are not signifi cantly impacted by the amendments.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 - Segment Reporting. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Adoption of this standard did not have any effect on the fi nancial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identifi ed under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in Note 43.

IAS 23 (Revised) - Borrowing Costs and IAS 23 (Amendment)

The standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The defi nition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 - Financial instruments: Recognition and measurement. This eliminates the inconsistency of terms between IAS 39 and IAS 23.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments / revisions to published standards and interpretations effective in 2009 (continued)

IFRS 2 (Amendment) - Share-based Payment - Vesting conditions and Cancellations

The Standard has been amended to clarify the defi nition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the fi nancial position of the Group.

IAS 32 (Amendment) - Financial Instruments: Presentation and IAS 1 (Amendment) - Presentation of financial statements - Puttable Financial Instruments and Obligations Arising on Liquidation

The standards have been amended to allow a limited scope exception for puttable fi nancial instruments to be classifi ed as equity if they fulfi ll a number of specifi ed criteria. The adoption of these amendments did not have any impact on the fi nancial position of the Group, as the Group has not issued any such instruments.

IFRIC 15 - Agreement for the Construction of Real Estate

The interpretation is to be applied retrospectively. It clarifi es when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. IFRIC 15 did not have an impact on the consolidated fi nancial statements.

Improvements to IFRSs

In May 2008, the Board issued its fi rst omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The Group has adopted the following amendments to standards:

IFRS 7 Financial Instruments: Disclosures:

The amendment removed the reference to 'total interest income' as a component of fi nance costs. This had no impact on the accounting policy and fi nancial position of the Group as this policy was already applied.

IAS 1 Presentation of Financial Statements:

Assets and liabilities classifi ed as 'held for trading' in accordance with IAS 39 Financial Instruments: recognition and measurement are not automatically classifi ed as current in the statement of fi nancial position. This had no impact on the Group as the Group does not classify assets as 'held for trading'.

IAS 8 Accounting Policies, Change in Accounting Estimates and Errors:

The amendment clarifi es that only implementation guidance that is an integral part of an IFRS is mandatory when selecting an accounting policy. This had no impact on accounting policy and fi nancial position of the Group as it had already been applied.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments / revisions to published standards and interpretations effective in 2009 (continued)

Improvements to IFRSs (continued)

IAS 10 Events after the Reporting period:

The amendment clarifi es that dividends declared after the end of the reporting period are not obligations. This had no impact on accounting policy and fi nancial position of the Group as it was already applied.

IAS 16 Property, Plant and Equipment:

The amendment replaces the term 'net selling price' with 'fair value less costs to sell'. The Group amended its disclosure accordingly and as a consequence does not result in any change in the fi nancial position of the Group.

IAS 18 Revenue:

The amendment replaces the term 'direct costs' with 'transaction costs' as defi ned in IAS 39. The amendment had no impact on the fi nancial position of the Group.

IAS 19 Employee Benefi ts:

The amendment revised the defi nition of 'past service costs', 'return on plan assets' and 'short-term' and 'other long-term' employee benefits. Amendments to plans that result in a reduction in benefi ts related to future services are accounted for as curtailment. The amendment also deleted the reference to the recognition of contingent liabilities to ensure consistency with IAS 37. The changes to defi nitions on return on plan assets, contingent liability and short-term and other long-term benefits are to be applied retrospectively. The change to past service cost is to be applied retrospectively. The amendment had no impact on accounting policy and fi nancial position of the Group as the defi nitions were consistent with the amendment.

IAS 27 (Amended) Consolidated and Separate Financial Statements:

This amendment requires that any subsidiaries held in accordance with IAS 39 continue to be treated at that value when they meet the defi nition of held for sale. The change in accounting policy did not impact the Group's fi nancial position as the Group does not account for any subsidiaries at fair value on subsequent measurement.

IAS 36 Impairment of Assets:

When discounted cash fl ows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash fl ows are used to estimate 'value in use'. This amendment had no impact on the disclosures of the consolidated fi nancial statements of the Group.

IAS 40 Investment Property:

The Group has always considered whether fair value can be applied for their investment properties under construction. Where management is unable to determine fair value reliably, the Group measures the property at cost. The amendment had no impact on accounting policy and fi nancial position of the Group.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(b) New standards and amendments / revisions to published standards and interpretations effective in 2009 but not applicable to the Group

IFRS 1 (Amendment) - First-time adoption of International Financial Reporting Standards and IAS 27 - Consolidated and separate financial statements

The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate fi nancial statements. The amendment also removed the defi nition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate fi nancial statements of the investor. The amendment did not have an impact on the Group's fi nancial statements.

IFRIC 13 - Customer Loyalty Programmes

This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. It was effective for fi nancial years beginning on or after 1 July 2008. The amendment did not have an impact on the Group's fi nancial statements.

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

The interpretation provides guidance in respect of hedges of foreign currency gains and losses on a net investment in a foreign operation. The amendment is applied prospectively. The amendment states an entity can hedge foreign currency risk between the functional currency of any parent, as well as the presentation currency of the Group if this is different from the parent. As the Group reports in the presentational currency of the ultimate parent, this guidance did not have an impact on the Group's fi nancial statements.

IFRIC 18 - Transfer of Assets from Customers (effective on or after July 1, 2009 regardless of when the reporting period begins)

IFRIC 18 provides guidance on accounting for transfer of assets, where cash is used to purchase those items of plant, property and equipment, which an entity receives from a customer, which is either used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services. This interpretation did not have an impact on the Group's fi nancial statements.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(b) New standards and amendments / revisions to published standards and interpretations effective in 2009 but not applicable to the Group (continued)

IAS 28 - Investment in Associates

If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any signifi cant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies. This amendment did not have an impact on the Group's fi nancial statements.

An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance. This amendment did not have an impact on the Group's fi nancial statements.

IAS 38 - Intangible Assets

Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service. This amendment did not have an impact on the Group.

The reference to the existence of persuasive evidence to support an amortisation method of intangible assets other than the straight-line method has been removed. Therefore, the use of the unit of production method is allowed. The Group uses the straight line method of amortisation for its intangible assets other than goodwill.

IFRIC 9 and IAS 39 amendment - Embedded derivatives (effective from June 30 , 2009)

The amendment to IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from a host contract when the entity reclassifi es a hybrid fi nancial asset out of fair value through profi t or loss category. IAS 39 is also amended to state that, if the fair value of the embedded derivative that would have to be separated on reclassifi cation cannot be reliably measured, the entire hybrid (combined) contract must remain classifi ed as at fair value through profi t or loss. The amendments did not have an impact on the consolidated fi nancial statements, as the Group does not have any hybrid fi nancial assets.

2. Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(c) New interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group

The following new standards and interpretations and revised or amended standards have been published that are mandatory for the Group's annual periods beginning on or after January 1, 2010 or later periods. The impact of these standards have not been assessed as at the date of these fi nancial statements.

- IFRS 3 Business Combinations (effective from July 1, 2009)
- IAS 27 Consolidated and Separate Financial Statements (effective from 1 July 2009)
- IAS 39 (Amendment) - Financial instruments: recognition and measurement - Eligible Hedged Items (effective from July 1, 2009)
- IFRIC 17 - Distributions of Non-Cash Assets to Owners (effective July 1, 2009)
- Amendments to IFRS 2 - Group cash settled share based payment transactions
- 2009 Improvements to IFRS's
- IFRS 1 - Structural Amendment (referred to herein as IFRS 1R)
- Amendments to IFRS 1 - Additional Exemptions for first time adopters
- IFRS 9 - Financial Instruments (January 1, 2011)

2. Significant Accounting Policies (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the fi nancial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifi able assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifi able net assets acquired is recorded as goodwill (see Note 2.7). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

All intra-group transactions and balances are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. A listing of the Group's subsidiaries is set out in Note 47.

(b) Associated Companies

The Group's investment in its associated companies is accounted for using the equity method of accounting. An associate is an entity in which the Group has signifi cant infl uence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associates is carried in the consolidated statement of fi nancial position at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. The consolidated income statement refl ects the share of the results of operations of the associates. When there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profi ts or losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

2. Significant Accounting Policies (continued)

2.2 Consolidation (continued)

(b) Associated Companies (continued)

The share of profit of associated companies is shown on the face of the consolidated income statement. This is profit attributable to the equity holders of the associates and therefore is profit after tax and non-controlling interests in the subsidiaries and associates.

The financial statements of the associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring its accounting policies in line with the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each consolidated statement of financial position date, whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount in the consolidated income statement.

During the year the Group re-classified its investments in Servus Limited and Eastern Caribbean Gas Pipline Company Limited from joint ventures to associates. This change has been made retrospectively, and the detailed impact can be seen in Note 49.

A listing of the Group's associates is set out in Note 47.

(c) Joint Ventures

Jointly controlled entities are those that involve the establishment of a corporation, partnership or other entity in which each venturer has an interest. The entity operates in the same way as other entities, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity. The Group's interest in jointly controlled entities is accounted for on an equity basis. In the past, these joint venture interests were accounted for under the proportional consolidation method.

2. Significant Accounting Policies (continued)

2.2 Consolidation (continued)

(d) Mutual Funds

The Group manages certain Mutual Funds through its asset management subsidiary, Guardian Asset Management, in which it also has a benefi cial ownership interest. These funds have been consolidated in these fi nancial statements in accordance with IAS 27.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the fi nancial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated fi nancial statements are presented in thousands of Trinidad and Tobago dollars, which is also the Parent's functional currency.

(b) Transactions and balances in the fi nancial statements

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2. Significant Accounting Policies (continued)

2.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each consolidated income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, liquidated or wound up, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity's assets and liabilities and are translated at the closing rate.

2.5 Property, plant and equipment

Freehold properties comprise mainly offices occupied by the Group and are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the consolidated statement of comprehensive income. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in the consolidated statement of comprehensive income; all other decreases are charged to the consolidated income statement.

2. Significant Accounting Policies (continued)

2.5 Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is charged over the estimated useful lives of the assets using the following rates and methods:

Freehold building	-	straight line method, 2% per annum
Leasehold property	-	over the period of the lease
Air-conditioning equipment	-	declining balance method, 20% per annum
Motor vehicles	-	straight-line method, 20% per annum and reducing balance basis, 25% per annum
Other plant, machinery, offi ce furniture & equipment	-	straight line method, 10 - 40% per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statement. When revalued assets are sold, the amounts included in the revaluation surplus account are transferred to retained earnings.

2.6 Investment properties

Properties held for long-term rental yields that are not occupied by the Group are classifi ed as investment properties.

Investment properties comprise freehold land and buildings. They are carried at fair value. Fair value is based on active market prices, adjusted, as necessary for any difference in the nature, location or condition of the specifi ed asset. Fair value is determined annually by management and adjusted by the results of independent professional valuations performed once every three years. Investment properties are not subject to depreciation. Any appreciation or diminution in value is recognised in the consolidated income statement.

Properties located on land that is held under an operating lease are classifi ed as investment properties as long as they are held for long-term rental yields and are not occupied by the companies in the consolidated Group. The initial cost of these properties is the lower of the fair value of the properties and the present value of the minimum lease payments. These properties are carried at fair value after initial recognition.

If investment properties become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassifi cation becomes its cost for subsequent accounting purposes.

Where the Group owns properties that are partially occupied, but substantially held for capital appreciation or third party rental, these properties are accounted for as investment properties, however in instances where the properties are substantially occupied by the group, they are accounted for as property, plant and equipment.

2. Significant Accounting Policies (continued)

2.6 Investment properties (continued)

Where properties classifi ed as property under IAS 16 become investment properties because of a change in use, these properties are accounted for as investment properties and any difference arising between the carrying amount and the fair value of these items at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement. Upon the disposal of such investment property, any surplus previously recorded in the revaluation surplus account is transferred to retained earnings. The transfer is not recognised through the consolidated income statement.

The Group applies the fair value model for investment properties as described above. However, in exceptional cases for an investment property under construction where fair value is not readily determinable, this is stated at cost until either the fair value becomes readily determinable, or construction is completed (whichever is earlier).

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifi able assets of the acquired subsidiary/ associate at the acquisition date. Goodwill on acquisition of subsidiaries is reported on the consolidated statement of fi nancial position. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefi t from the business combination in which the goodwill arose. Each of those cash-generating units represents the Group's investment in each country of operation by each primary segment.

(b) Brands

Brands acquired through direct purchase or through a business combination are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives.

2. Significant Accounting Policies (continued)

2.7 Intangible assets (continued)

(c) Computer software and website development costs

Acquired computer software licenses and website development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specifi c software. Costs that are directly associated with the development of identifi able and unique software products controlled by the Group, and that will probably generate economic benefi ts exceeding costs beyond one year, are also recognised as intangible assets. These costs are amortised over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

2.8 Financial assets

(a) Initial recognition and subsequent measurement

Financial assets within the scope of IAS 39 are classifi ed as fi nancial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets as appropriate. The Group determines the classifi cation of its fi nancial assets at initial recognition. The classifi cation depends on the purpose for which the investments were acquired or originated.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profi t or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, debt securities, equity securities, interest receivable, receivables arising from insurance contracts and reinsurance contracts and other loans and receivables.

(b) Financial assets at fair value through profi t or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held-for-trading. The Group's subsidiaries, with the exception of its asset management companies, do not engage in trading fi nancial assets. For investments designated at fair value through profi t or loss, the following criteria must be met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

(b) Financial assets at fair value through profi t or loss (continued)

- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gain and loss are recognised in the consolidated income statement.

(c) Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held-to-maturity financial assets are measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(e) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or not classified in any of the three preceding categories. Debt securities in this category are those which are intended to be held for an indefi nite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions relating to the management of those funds. These investments are initially recorded at fair value.

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

(e) Available-for-sale financial assets (continued)

After initial measurement, available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses are recognised in the consolidated statement of comprehensive income and in the 'Available-for-sale reserve' in equity. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is transferred to the consolidated income statement. The losses arising from impairment of such assets are recognised in the consolidated income statement in 'Impairment losses on fi nancial assets' and removed from the 'Available-for-sale reserve'.

(f) Fair value of fi nancial assets

The fair value of quoted investments (primarily equity securities) are based on current bid prices at the consolidated statement of fi nancial position date. If the market for a fi nancial asset is not active (primarily government securities, debentures and corporate bonds), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash fl ow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

If the fair value of unquoted equities cannot be measured reliably, these fi nancial assets are measured at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

(g) Derecognition of fi nancial assets

A fi nancial asset (or when applicable, a part of a fi nancial asset or part of a group of similar fi nancial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- The Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risk and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Significant Accounting Policies (continued)

2.8 Financial assets (continued)

(g) Derecognition of fi nancial assets (continued)

When the Group has transferred its right to receive cash fl ows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and / or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that, in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.9 Impairment of assets

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash fl ows (excluding future expected credit losses that have not been incurred) discounted at the fi nancial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recognised in the consolidated income statement.

The Group fi rst assesses whether objective evidence of impairment exists individually for fi nancial assets that are individually signifi cant, and individually or collectively for fi nancial assets that are not individually signifi cant. If it is determined that no objective evidence of impairment exists for an individually assessed fi nancial asset, whether signifi cant or not, the asset is included in a group of fi nancial assets with similar credit risk characteristics and that group of fi nancial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each consolidated statement of fi nancial position date.

2. Significant Accounting Policies (continued)

2.9 Impairment of assets (continued)

(a) Financial assets carried at amortised cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each statement of fi nancial position date whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as available-for-sale, the Group assesses individually whether there is objective evidence of impairment based on the same criteria as fi nancial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement.

Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash fl ows for the purpose of measuring the impairment loss. If, in a subsequent period, the fair value of the debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the consolidated income statement, the impairment loss is reversed through the consolidated income statement.

In the case of equity investments classified as available-for-sale, objective evidence also includes a signifi cant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement - is removed from equity and recognised in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in the fair value after impairment are recognised directly in equity.

(c) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis, unless the asset does not generate cash infl ows that are largely independent of those from other assets or groups of assets.

2. Significant Accounting Policies (continued)

2.9 Impairment of assets (continued)

(c) Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Segregated funds

Segregated funds' assets and liabilities represent funds maintained to meet specifi c investment objectives of policyholders who bear the investment risk. The value of the fund changes based on the market value fl uctuations of the assets held by the fund and the returns earned by the investments of the fund. Investment income and both realised and unrealised gains and losses accrue directly to the policyholders.

The assets of each fund are segregated and are not subject to claims that arise out of any other business of the Group. The assets and liabilities are carried at fair values. Deposits, withdrawals, net investment income and realised gains and losses, together with the increase or decrease in the market value of investments related to segregated policies are charged or credited to the segregated funds liabilities.

The Group earns fees for management of the funds, policy administration, as well as effecting the surrendering of units.

2.11 Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to sell (reverse repurchase agreements) are treated as collateralized fi nancing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

2. Significant Accounting Policies (continued)

2.12 Derivative fi nancial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivative fi nancial instruments are recorded in the consolidated statement of fi nancial position at fair value as assets when favourable to the Group and liabilities when unfavourable. Realised and unrealised gains and losses on trading derivatives are refl ected in income and recognised as trading gains or losses.

2.13 Offsetting fi nancial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of fi nancial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current fi nancial liabilities on the consolidated statement of fi nancial position.

2.15 Share capital

Shares are classifi ed as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

2.16 Insurance and investment contracts

(a) Classifi cation

The Group issues contracts that transfer insurance risk or fi nancial risk or both. Insurance contracts are those contracts that transfer signifi cant insurance risk. Such contracts may also transfer fi nancial risk. As a general guideline, the Group defi nes as signifi cant insurance risk the possibility of having to pay benefi ts on the occurrence of an insured event that are at least 10% more than the benefi ts payable if the insured event did not occur.

Investment contracts are those contracts that transfer fi nancial risk with no signifi cant insurance risk.

A number of insurance contracts contain a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefi ts, additional benefi ts or bonuses:

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(a) Classification (continued)

a) that are likely to be a significant portion of the total contractual benefits;

b) whose amount or timing is contractually at the discretion of the Group;

c) and that are contractually based on:

(i) the performance of a specified pool of contracts or a specified type of contract;

(ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group; or

(iii) the profit or loss of the Group, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the bases for the determination of the amounts on which discretionary benefits are based and within which the Group may exercise its discretion as to the quantum and timing of their payments to contract holders, which will be subject to the advice of the Group's actuary or a locally appointed actuary.

(b) Recognition and measurement

Insurance contracts are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(i) Short-term insurance contracts

These contracts are principally property, motor, casualty (employers' liability, public liability), marine, group life and health insurance contracts. Health insurance contracts include both group and individual health insurance.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake (not limited to these perils) up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks. Customers who undertake commercial activities on their premises could also receive compensation for consequential loss/business interruption caused by the insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the relevant country's Road Traffic Act which in certain instances stipulate unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(i) Short-term insurance contracts (continued)

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect on the ability of the customer or his/her dependants to maintain their current level of income. Health insurance contracts provide for both unexpected and preventative medical treatment and drugs. On these contracts, the benefi ts paid on occurrence of the specifi ed insurance event are either fi xed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefi ts.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on inforce contracts that relate to unexpired risks at the consolidated statement of fi nancial position date is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the consolidated statement of fi nancial position date calculated using either the three hundred and sixty-fifths method or the twenty-fourths method. Unearned premiums relating to marine cargo are calculated using 180 days after the fi rst date of sailing. Unearned premiums relating to group life are calculated based on 25% of net premiums written.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the consolidated statement of fi nancial position date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims other than for disability claims.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(i) Short-term insurance contracts (continued)

Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported ("IBNR"), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated infl ation. Adjustments arising on these revisions are included within claims expense in the current year.

(ii) Long-term insurance contracts with fixed and guaranteed terms and without DPF

These contracts insure events associated with human life over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission. Benefi ts are recorded as an expense when incurred.

A liability for policyholders' benefi ts that are expected to be incurred in the future is recorded when the premiums are recognised. Typically, the liability is determined as the sum of the expected discounted value of the benefi t payments less the expected discounted value of the theoretical premiums that would be required to meet the benefi ts based on the valuation assumptions used (the valuation premiums). In particular, the liability is based on assumptions as to mortality and investment income. A margin for adverse deviations is included in the assumptions.

The liabilities are recalculated at each consolidated statement of fi nancial position date and the change in the liability is recognised as an expense in the consolidated income statement.

For the Trinidad and Tobago life insurance subsidiaries, reserves held are calculated based on the Zillmerised Net Premium Method. A gross premium method is used for some lines of business.

For the Jamaican life insurance subsidiary, reserves are calculated using the Policyholder Premium Method as required under the Insurance Act 2001 of Jamaica.

For the Netherlands Antilles life insurance subsidiary, reserves are calculated on a Modifi ed Net Premium Method in accordance with the requirements of the Central Banks of the Netherlands Antilles and of Aruba.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(ii) Long-term insurance contracts with fixed and guaranteed terms and without DPF (continued)

Unit linked and interest sensitive insurance contracts

The premiums paid for these contracts contain an element that covers the insured event and another which is used to accumulate cash values available for withdrawal at the option of the policyholder. These cash values earn interest.

Unit Linked insurance contracts

For the Jamaican life insurance subsidiary, the portion of the premium covering the insured risk is recorded as premium income. The portion of the premium which accumulates a cash value for the policyholder is recorded as a liability and is credited to the account of the policyholder in the respective segregated fund (Note 2.10) to which the contract is linked.

The liabilities arising from the unit linked contracts comprise the liability for the insured risk and the accumulated cash value. The liability for the insured risk is determined in a manner identical to the liability for contracts with fi xed and guaranteed terms and is included in the policyholders' liability balance while the liability for the accumulated cash value is carried at fair value of the assets which fund the liabilities. The liabilities for the accumulated cash values are included in the segregated funds' liability balance. The Group bears no risk in relation to segregated funds' liability.

The change in the liability arising from the insurance risk is recognised as an expense in the consolidated income statement.

Interest sensitive insurance contracts

The Jamaican life insurance subsidiary issues interest sensitive policies for which the entire premium is recorded as premium income and there is no unbundling of the premium receipt between the insurance and investment components. The liability for the interest sensitive policies is determined as the sum of the liability for the insured risk as determined above for unit linked policies and the liability for the accumulated cash values. The entire liability for the interest sensitive policies is recorded in policyholders' liability.

The change in the overall liability for the interest sensitive policies is recognised as an expense in the consolidated income statement.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(b) Recognition and measurement (continued)

(iii) Long-term insurance contracts without fixed terms

Unit Linked insurance contracts

For the Trinidad and Tobago life insurance subsidiary, the entire premium on these contracts is recorded as premium income. The liabilities held for these contracts are the contract holders' notional account balances. The mortality charges deducted in each period from the contract holders as a group are considered adequate to cover the expected total death benefi t claims in excess of the contract holders' notional account balances in each period; no additional liability is therefore established for these claims other than a small provision for incurred but not reported claims. Some of the Group's unit-linked annuity contracts contain a guarantee that entitles the holders to a minimum guaranteed crediting rate over the life of the policy. A reserve is held for this guarantee.

(iv) Long-term insurance contracts with fixed and guaranteed terms and with DPF

In addition to death or life benefi ts, these contracts contain a DPF that entitles the holders to a bonus or dividend declared by the company from time to time. The discretionary element of the benefi ts payable under these policies, as well as the guaranteed elements are treated as liabilities and any changes in the total benefi ts due are recognised as charges in the consolidated income statement and form part of increases in reserves for future benefi ts of policyholders.

(v) Investment Contracts

The Group issues investment contracts including deposit administration contracts and individual deferred annuity contracts. Insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest or change in the unit prices and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of investment income and interest credited is treated as an expense.

(c) Outstanding Claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the fi nancial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated infl ation. Adjustments arising on these revisions are included with claims expense in the current year.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(d) Policyholders' benefi ts

Maturities and annuities are accounted for when due.

Death and disability claims and surrenders are recognised in the fi nancial statements in the year in which they have been notifi ed.

Differences between the estimated claims and subsequent settlements are recognised in the consolidated income statement in year of settlement.

(e) Value to shareholders of inforce long-term business

Besides estimating the insurance liabilities, the Group estimates the present value of future profits to be earned on its long-term lines of business. This value to shareholders of inforce long-term business is included on the consolidated statement of fi nancial position and changes in it fl ow through the consolidated income statement. The value to shareholders of inforce long-term business is calculated as the present value of free cash fl ow produced by the insurance contracts and their associated reserves that are inforce as at the statement of fi nancial position date.

(f) Deferred acquisition costs ("DAC")

Commissions paid to agents and brokers for property, casualty and short-duration life insurance contracts that are related to securing new contracts and renewing existing contracts are expensed over the terms of the policies as premium is earned. All other costs are recognised as expenses when incurred.

(g) Liability adequacy test

At each consolidated statement of fi nancial position date, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash fl ows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the defi ciency is recognised in the consolidated income statement and the amount of the relevant insurance liabilities is increased.

(h) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classifi cation requirements for insurance contracts are classifi ed as reinsurance contracts held.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(h) Reinsurance contracts held (continued)

Contracts that do not meet these classifi cation requirements are classifi ed as fi nancial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefi ts to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well longer term receivables that are dependent on the expected claims and benefi ts arising under the related reinsured insurance contracts. Short-term balances are included in current fi nancial assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated income statement.

(i) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated income statement.

(j) Statutory Reserve

The general insurance companies in Trinidad and Tobago maintain a statutory reserve. This is in accordance with the provisions of Section 171 of the Insurance Act 1980 of Trinidad and Tobago, where companies are required to appropriate towards statutory reserve at least 25% of the prior year's profi t until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums. The general insurance companies in Trinidad and Tobago comply with this requirement.

The Financial Institutions Act 1993 requires a fi nancial institution in Trinidad and Tobago to transfer annually a minimum of 10% of its profi t after taxation to a reserve fund until the balance on this reserve is not less than the paid up capital of the institution. The asset management company in Trinidad and Tobago complies with this requirement.

2. Significant Accounting Policies (continued)

2.16 Insurance and investment contracts (continued)

(k) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

2.18 Taxation

Tax on the profi t or loss for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the taxable income for the year using the prevailing tax rate and any adjustment of tax payable for previous years.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts for fi nancial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable profi t. Deferred tax assets are taxes recoverable in future periods in respect of deductible temporary differences and tax losses carried forward. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefi t will be realised.

Tax on the profi t is charged at varying rates depending on the type of business that the individual entities are engaged in and the country in which they reside.

2.19 Employee benefi ts

(a) Pension Plans

The Group operates a number of defi ned benefi t and defi ned contribution plans, the assets of which are held in separate trustee-administered funds. Except in the case of one pension plan, the plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the independent qualifi ed actuaries.

2. Significant Accounting Policies (continued)

2.19 Employee benefi ts (continued)

(a) Pension Plans (continued)

A defi ned benefi t plan is a pension plan that defi nes an amount of pension benefi t that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defi ned contribution plan is a pension plan under which the Group pays fi xed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold suffi cient assets to pay all employees the benefi ts relating to employee service in the current or prior periods.

The liability recognised in the consolidated statement of fi nancial position in respect of defi ned benefi t pension plans is the present value of the defi ned benefi t obligation at the consolidated statement of fi nancial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Plan assets exclude any insurance contracts issued by the Group.

For defi ned benefi t plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of a qualifi ed actuary, who carries out full valuations of the plans every three years. The pension obligation is measured as the present value of the estimated future cash outfl ows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are recognised immediately in the consolidated statement of comprehensive income.

The Group's contributions to the defi ned contribution pension plans are charged to the consolidated income statement in the year to which they relate.

(b) Post Retirement Medical Benefi t Obligations

The Group's subsidiary in the Netherlands Antilles and Aruba provides post-retirement medical benefi ts to its permanent employees who retire from active service, their spouses and their dependents. The entitlement to these benefi ts is based on the employee remaining in service up to retirement age or leaving service due to ill health. The expected costs of these benefi ts are accrued over the period of employment, using a methodology similar to that for defi ned benefi t plans. All actuarial gains and losses are recognised immediately. Independent qualifi ed actuaries carry out a valuation of these obligations.

2. Significant Accounting Policies (continued)

2.19 Employee benefi ts (continued)

(c) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each consolidated statement of fi nancial position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(d) Employee share ownership plan ("ESOP")

The employees of subsidiaries incorporated in Trinidad and Tobago have the option to receive their bonuses in cash and/or ordinary shares of the parent company purchased on the open market, in accordance with the terms outlined in the Trust Deed governing an approved ESOP. The Group recognises an expense within staff costs when bonuses are awarded.

(e) Profi t sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profi t sharing based on a formula that takes into consideration the profi t attributable to the Group's shareholders after certain adjustments. The Group recognizes a provision where contractually obligated or where there is a past practice that has created a constructive obligation.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outfl ow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outfl ow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outfl ow with respect to any one item included in the same class of obligations may be small.

2. Significant Accounting Policies (continued)

2.21 Revenue recognition

Revenue comprises the fair value for services rendered after eliminating revenue within the Group. Revenue is recognised as follows:

(a) Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2.16.

(b) Investment income

Interest income is recognised using the effective interest method. Rental income is recognised in the consolidated income statement on the accrual basis. Dividend income is recognised when the right to receive payment is established. Realised and unrealised investment gains and losses are recognised in the consolidated income statement in the period in which they arise.

(c) Commission income

Commissions are recognised on the accrual basis when the service has been provided.

(d) Fee income

Fees are earned from the management of the assets of the segregated funds and deposit administration funds and from general policy administration and surrenders. Fees are recognised in the period in which the services are rendered.

For the asset management companies in the Group, portfolio, asset management fees and other management advisory and service fees are recognised based on the applicable service contracts over the period the service is provided. Management fees and commissions arising from negotiating, or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

2.22 Leases

Leases in which a signifi cant portion of the risks and rewards of ownership are retained by the lessor are classifi ed as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as an appropriation in the Group's fi nancial statements in the period in which the dividends are approved by the Group's Board of Directors.

2. Significant Accounting Policies (continued)

2.24 Comparative information

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year. Adjustments to previously reported results were made in accordance with IAS #8 – Accounting policies, changes in accounting estimates and errors. The financial statements have been restated for the years ended 31 December 2007 and 31 December 2008 and the impact of these adjustments and reclassifications are summarised in Note 49 - Restatements and Reclassifications.

2.25 Finance charges

Finance charges are recognised as an expense in the period in which they are incurred except to the extent that they are capitalised when directly attributable to the acquisition, construction or production of an investment property or in developing properties for sale.

2.26 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as convertible debt and share options granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

2.27 Assets under management

The Group provides custody and trustee discretionary investment management services to third parties. Such assets under management include the managed funds and mutual funds administered by the asset management companies.

2.28 Subscriptions and Redemptions on Mutual Fund Portfolio

(a) Subscriptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements could be subscribed based on the net asset value per unit of the underlying funds determined in each business day.

(b) Redemptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements are redeemed at a price per unit based on the net asset value of the underlying funds published on the date that the request is made.

3. Critical Accounting Estimates And Judgments In Applying Accounting Policies

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities during the succeeding fi nancial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims in particular, the claims arising from motor, casualty and health insurance contracts.

(b) Estimate of future benefit payments and premiums arising from long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard mortality tables adjusted where appropriate to refl ect the Group's own experience or expectations. For contracts that insure the risk of longevity, no allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefi t payments and the value of the valuation premiums. The main source of uncertainty is that epidemics (such as AIDS or SARS) and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being signifi cantly worse than in the past for the age groups in which the Group has signifi cant exposure to mortality risk.

However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and fi nancial developments. See Note 4.1.4 (e) for the sensitivity of the value of insurance liabilities to changes in assumptions used to value these liabilities.

(c) Value to shareholders of inforce long-term business

In determining this value, assumptions relating to future mortality, persistence and the level of expenses are based on experience of the type of business concerned. The assumptions made and methods employed are reviewed each year in light of the actual experience and data available. Any signifi cant changes made to these can create a source of profi t or loss. The following tables present the effect on the profi t or loss to changes in the assumptions used in the estimation of value to shareholders of inforce long term business.

3. Critical Accounting Estimates And Judgments In Applying Accounting Policies (continued)

(c) Value to shareholders of inforce long-term business (continued)

For the Trinidadian life insurance subsidiaries:	Change in Variable	Effect on profi t or loss 2009 $'000	2008 $'000
Variable			
Worsening of mortality	+ 1.0%	(3,945)	(3,510)
Improvement of annuitant mortality	+ 5.0%	(5,006)	(4,296)
Lowering of investment returns	- 1.0 %	(36,257)	(34,362)
Worsening of base renewal expense level	+ 5.0%	(13,841)	(13,134)
Worsening of expense infl ation rate	+ 1.0%	(19,504)	(16,612)

For the Jamaican life insurance subsidiary:	Change in Variable 2009	2008	Effect on profi t or loss 2009 $'000	2008 $'000
Variable				
Increase in interest rate	2%	1%	275,402	(18,136)
Decrease in interest rate	-2%	-1%	382,256	27,039

(d) Fair valuation of fi nancial assets

The Group reviews its debt securities classified as available-for-sale assets at each statement of fi nancial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances. The Group also records impairment charges in available-for-sale equity investments when there has been a signifi cant or prolonged decline in the fair value below their cost. The determination of what is 'signifi cant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

The fair value of fi nancial assets that are not traded in an active market is determined by using an internally developed bond valuation model. Assumptions used in this model are validated and periodically reviewed internally by qualifi ed personnel. Where applicable, data is calibrated to ensure that outputs refl ect actual data and comparative market prices. Changes in assumptions used in valuations could affect reported fair value of fi nancial assets. Key assumptions are based on current market yields. The following shows the effect on the profi t or loss to changes in the market yields.

3. Critical Accounting Estimates And Judgments In Applying Accounting Policies (continued)

(d) Fair valuation of fi nancial assets (continued)

	Effect on profi t or loss 2009		Effect on profi t or loss 2008	
	$'000	$'000	$'000	$'000
For the Trinidadian life insurance subsidiaries:				
Decrease / (increase) in market yields				
(+ / - 10%)	30,180	(31,693)	28,518	(43,479)
For the Jamaican life insurance subsidiary:				
Decrease / (increase) in market yields				
(+ / - 2% for 2009 and 1% for 2008)	32,118	(32,118)	23,965	(23,965)

(e) Impairment losses on loans, receivables and other assets

The Group reviews its asset portfolios to assess impairment on a periodic basis. In determining whether an impairment loss should be recognised in the consolidated income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash fl ows from the underlying portfolios. The methodology and assumptions used for estimating both the amount and timing of future cash fl ows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(f) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the fi nal tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Held-to-maturity investments

The Group follows the IAS 39 guideline on classifying non-derivative financial assets with fi xed or determinable payments and fi xed maturity dates as held to maturity. This classifi cation requires signifi cant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire category as available for sale.

3. Critical Accounting Estimates And Judgments In Applying Accounting Policies (continued)

(g) Held-to-maturity investments (continued)

The investments would therefore be measured at fair value not amortised cost. If the entire class of held to maturity investments is tainted, the carrying value would decrease by $17,284,000 as at 31 December 2009 (as at 31 December 2008: decrease of $78,833,000) with a corresponding entry in the fair value reserve in shareholders' funds.

(h) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similiar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash fl ow model. The cash fl ows are derived from the budget for the next fi ve years and do not include restructuring activities that the Group is not yet committed to or signifi cant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. Management Of Insurance And Financial Risk

The Group issues contracts that transfer insurance risk or fi nancial risk or both. This section summarises these risks and the way the Group manages them.

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefi t payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefi ts are greater than estimated. Insurance events are random and the actual number and amount of claims and benefi ts will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversifi ed portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a suffi ciently large population of risks to reduce the variability of the expected outcome.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

Factors that aggravate insurance risk include lack of risk diversifi cation in terms of type and amount of risk, geographical location and type of industry covered.

4.1.1 Casualty insurance risks

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversifi ed in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (subrogation).

The Group's reinsurance arrangements include non proportional excess of loss placements on a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a large element of the claims provision relates to IBNR. There are several variables that affect the amount and timing of cash fl ows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability cover) or members of the public (for public liability cover). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the fi nal outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the consolidated statement of fi nancial position date.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Casualty insurance risks (continued)

(b) Sources of uncertainty in the estimation of future claim payments (continued)

In calculating the estimated cost of unpaid claims (both reported and IBNR), the Group estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defi ned as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular fi nancial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims infl ation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notifi ed to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variability between initial estimates and fi nal outcomes because of the greater degree of diffi culty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 23.2 presents the development of the estimate of ultimate claim cost for claims notifi ed in a given year. This gives an indication of the accuracy of the Group's estimation technique for claims payments.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.2 Short duration life insurance contracts

(a) Frequency and severity of claims

Short-duration life insurance contracts are contracts which are typically of a short tenure with the tenure being often determined by the length of an individual's time in employment. These contracts are mainly issued to employers to insure their commitments to their employees. The risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry.

The Group attempts to manage this risk through its underwriting and claims handling. Additionally there is reinsurance on short-duration life insurance contracts. For the Jamaican life insurance subsidiary, there is concentration of risk in the services sector. For the Trinidadian life insurance subsidiaries, there is concentration of risk in the banking / fi nance sector and the retail / services sector.

(b) Sources of uncertainty in the estimation of future claim payments

There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. The group currently does so using conservative assumptions.

(c) Changes in assumptions

The Group's assumptions in respect of short duration life insurance contracts have not changed from prior year.

4.1.3 Property insurance contracts

(a) Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river fl ooding and hurricanes) and their consequences (for example, subsidence claims). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.3 Property insurance contracts (continued)

(a) Frequency and severity of claims (continued)

The cost of rebuilding properties, of replacement or indemnity for contents and the time taken to restart operations for business interruption are the key factors that infl uence the level of claims under these policies. The greatest likelihood of signifi cant losses on these contracts arises from storm or fl ood damage. The Group analyses the property exposures using in-house and external modeling tools and purchases suffi cient reinsurance protection to cover its perceived liabilities.

The Group's reinsurance arrangements include proportional quota share and surplus arrangements and non proportional excess of loss placements on a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Property claims are analysed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analysed separately. Non-subsidence claims can be estimated with greater reliability, and the Group estimation processes refl ect all the factors that infl uence the amount and timing of cash fl ows from these contracts. The shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year end. The longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain.

4.1.4 Long-term insurance contracts

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most signifi cant factors that could increase the overall frequency of claims are epidemics (such as AIDS or SARS) or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most signifi cant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary signifi cantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefi t payments on a portfolio basis.

For contracts with fi xed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts, without fi xed terms, a signifi cant portion of the insurance risk is shared with the insured party. The Group charges for mortality risk on a monthly basis for most life and critical insurance contracts without fi xed terms. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

The Group manages these risks through its underwriting strategy and reinsurance arrangements. Medical selection is included in the Group's underwriting procedures with premiums varied to refl ect the health condition and family medical history of the applicants. The Group uses excess of loss reinsurance contracts with retention limits that vary by product.

The table below presents the concentration of insured benefi ts across fi ve bands per individual life assured. The benefi t insured fi gures are shown gross and net of the reinsurance contracts described above. These tables do not include annuity contracts, for which a separate analysis is reported further below.

For the Jamaican life insurance subsidiary:

	2009 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefi ts assured per life $'000	TT$'000	%	TT$'000	%
J$1,000 - 5,000 (TT$70 - TT$350)	10,129,810	87.9%	9,940,164	95.0%
J$5,001 - 10,000 (TT$350 - TT$699)	826,362	7.2%	414,794	4.0%
J$10,001 - 15,000 (TT$699- TT$1,049)	174,754	1.5%	51,960	0.5%
J$15,001 - 20,000 (TT$1,049 - TT$1,398)	105,277	0.9%	21,784	0.2%
J$20,001 and over (TT$1,398 and over)	292,195	2.5%	35,282	0.3%
Total	11,528,398	100.0%	10,463,984	100.0%

The risk is concentrated in the lower value bands. This has not changed from last year.

	2008 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefi ts assured per life $'000	TT$'000	%	TT$'000	%
J$1,000 - 5,000 (TT$70 - TT$350)	10,162,364	88.9%	9,969,243	95.6%
J$5,001 - 10,000 (TT$350 - TT$699)	731,479	6.4%	358,758	3.4%
J$10,001 - 15,000 (TT$699- TT$1,049)	161,807	1.4%	46,490	0.5%
J$15,001 - 20,000 (TT$1,049 - TT$1,398)	121,461	1.1%	24,444	0.2%
J$20,001 and over (TT$1,398 and over)	253,980	2.2%	28,026	0.3%
Total	11,431,091	100.0%	10,426,961	100.0%

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

For the Trinidadian life insurance subsidiaries:

	2009 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefi ts assured per life $'000	TT$'000	%	TT$'000	%
0 - 250 (TT$)	11,712,012	37.2%	11,019,737	50.5%
250-500 (TT$)	3,485,225	11.1%	2,758,704	12.6%
500-1,000 (TT$)	8,261,433	26.2%	5,393,053	24.7%
1,000 - 3,000 (TT$)	6,372,182	20.2%	2,410,402	11.0%
More than 3,000 (TT$)	1,681,409	5.3%	253,973	1.2%
Total	31,512,261	100.0%	21,835,869	100.0%

The risk is concentrated in the lower value bands. This has not changed from last year.

	2008 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefi ts assured per life $'000	TT$'000	%	TT$'000	%
0 - 250 (TT$)	6,755,738	27.4%	6,617,360	39.2%
250-500 (TT$)	3,051,606	12.4%	2,704,733	16.0%
500-1,000 (TT$)	6,343,913	25.7%	4,576,266	27.1%
1,000 - 3,000 (TT$)	5,918,895	24.0%	2,564,209	15.2%
More than 3,000 (TT$)	2,595,536	10.5%	425,609	2.5%
Total	24,665,688	100.0%	16,888,177	100.0%

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

For the Netherland Antilles and Aruba life insurance subsidiaries:

	2009 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefi ts assured per life $'000	TT$'000	%	TT$'000	%
NAF$0 - 500 (TT$0 - TT$1,769)	7,072,821	85.8%	6,800,489	97.8%
NAF$501 - 1,000 (TT$1,769 - TT$3,538)	755,748	9.2%	141,271	2.0%
NAF$1,001 - 1,500 (TT$3,538 - TT$5,307)	228,868	2.8%	11,710	0.2%
NAF$1,501 - 2,000 (TT$5,307 - TT$7,075)	81,066	1.0%	-	0.0%
More than NAF$2,000 (TT$7,075)	95,090	1.2%	-	0.0%
Total	8,233,593	100.0%	6,953,470	100.0%

The risk is concentrated in the lower value bands. This has not changed from last year.

	2008 - Total benefits insured			
	Before reinsurance		After reinsurance	
Benefi ts assured per life $'000	TT$'000	%	TT$'000	%
NAF$0 - 500 (TT$0 - TT$1,769)	5,730,895	85.7%	5,558,910	97.8%
NAF$501 - 1,000 (TT$1,769 - TT$3,538)	631,866	9.5%	120,760	2.1%
NAF$1,001 - 1,500 (TT$3,538 - TT$5,307)	185,290	2.8%	7,386	0.1%
NAF$1,501 - 2,000 (TT$5,307 - TT$7,075)	57,828	0.9%	-	0.0%
More than NAF$2,000 (TT$7,075)	71,182	1.1%	-	0.0%
Total	6,677,061	100.0%	5,687,056	100.0%

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

The following tables for annuity insurance contracts illustrate the concentration of risk based on fi ve bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment at the year end. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour.

For the Jamaican life insurance subsidiary:

	Total annuities payable per annum			
Annuity payable per annum per life	2009		2008	
$'000	TT$'000	%	TT$'000	%
J$ 0 - 200,000 (TT$0 - TT$13,980)	38,139	33.2%	37,807	34.3%
J$200,001 - 300,000 (TT$13,980 - TT$20,970)	12,046	10.5%	11,616	10.5%
J$300,001 - 400,000 (TT$20,970 - TT$27,960)	9,363	8.2%	8,055	7.3%
J$400,001 - 500,000 (TT$27,960 - TT$34,950)	6,840	6.0%	5,869	5.3%
More than J$500,000 (More than TT$34,950)	48,353	42.1%	46,841	42.6%
Total	114,741	100.0%	110,188	100.0%

The greatest risk concentration remains at the highest band and lowest band which is consistent with the prior year.

For the Trinidadian life insurance subsidiaries:

	Total annuities payable per annum			
Annuity payable per annum per life	2009		2008	
$'000	TT$'000	%	TT$'000	%
0 - 5,000 (TT$)	5,978	8.8%	5,870	9.0%
5,001 - 10,000 (TT$)	9,491	14.0%	8,678	13.3%
10,001 - 20,000 (TT$)	17,601	26.0%	16,189	24.8%
More than 20,000 (TT$)	34,610	51.2%	34,610	52.9%
Total	67,680	100.0%	65,347	100.0%

The greatest concentration remains at the highest band, which is consistent with the prior year.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(a) Frequency and severity of claims (continued)

For the Netherland Antilles and Aruba life insurance subsidiaries:

Annuity payable per annum per life	Total annuities payable per annum			
	2009		2008	
$'000	TT$'000	%	TT$'000	%
NAF$0 - 10 (TT$0 - TT$35)	1,256	10.1%	1,106	8.4%
NAF$11 - 20 (TT$35 - TT$71)	2,685	21.7%	2,525	19.2%
NAF$21 - 30 (TT$71 - TT$106)	2,328	18.8%	2,076	15.8%
NAF$31 - 40 (TT$106 - TT$142)	2,254	18.2%	2,732	20.8%
NAF$41 - 50 (TT$142 - TT$177)	1,136	9.2%	1,573	12.0%
More than NAF$50 (More than TT$177)	2,735	22.0%	3,150	23.8%
Total	12,394	100.0%	13,162	100.0%

The risk is spread over all the bands which is consistent with the prior year.

(b) Sources of uncertainty in the estimation of future benefi t payments and premium receipts

Uncertainty in the estimation of future benefi t payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The Group uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resided. An investigation into the actual experience for the Group is carried out periodically, and the results compared to that used in the policyholder liability and value to shareholders of inforce long-term business fi gures. No adjustment for future mortality improvements is made for contracts that insure survival.

(c) Process used to decide on assumptions

For long term insurance contracts, the Group determines assumptions in relation to future deaths, voluntary termination, investment returns, administrative expenses and other items that are appropriate to the policies, their location and the local statutory reserving requirements. In the case of Jamaica, the assumptions are best estimate assumptions with appropriate provisions for adverse deviations, consistent with the use of a Policy Premium Method valuation. For other territories, the assumptions used are those appropriate for traditional net premium valuation methods.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(c) Process used to decide on assumptions (continued)

The assumptions used for the insurance contracts disclosed in this note are as follows:

- **Mortality**

  An appropriate base table of standard mortality is chosen depending on the type of contract. For contracts insuring survivorship, no allowance is made for future mortality improvements.

- **Morbidity**

  Estimates of the future incidence of critical illness is made using the reinsurance terms available to the Group as a guide.

- **Persistency**

  An investigation into the Group's experience is performed to determine an appropriate persistency rate. Persistency rates vary by product type and policy duration.

- **Investment returns**

  The Group sets the investment return assumption based on the total expected return available on suitable investment asset classes.

- **Renewal expense level and inflation**

  The current level of expenses is taken as an appropriate expense base with allowance for future expense infl ation.

- **Tax**

  It has been assumed that current tax legislation and rates for long-term insurance companies continue unaltered.

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(d) Change in assumptions

	2009 $'000	2008 $'000
Determination of liabilities:		
For the Jamaican life insurance subsidiary:		
Changes in expense assumptions	**(16,099)**	(2,620)
Changes in lapse assumptions	**(1,026)**	2,931
Changes in investment returns	**39,345**	(19,297)
Changes in annuity assumptions	-	(5,044)
Changes in mortality assumptions	-	(7,785)
Fixes in cell assumptions	**745**	-
For the Trinidadian life insurance subsidiaries:		
Change in rider assumptions	-	(10,920)

For the Netherland Antilles and Aruba insurance subsidiaries:
No changes have been made to the assumptions used to determine the value of long-term insurance liabilities.

(e) Sensitivity analysis

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities.

Long-term insurance contracts with fixed and guaranteed terms and without DPF:

Variable	Change in Variable 2009	Change in liability 2009 $'000	Change in Variable 2008	Change in liability 2008 $'000
For the Jamaican life insurance subsidiary:				
Worsening of mortality	10%	35,843	10%	35,585
Improvement of annuitant mortality	1%	24,816	1%	9,909
Lowering of investment returns	-1%	72,402	-2%	244,751
Worsening of base renewal expense level	5%	21,668	5%	24,050
Worsening of expense infl ation rate	1%	66,707	1%	70,718

4. Management Of Insurance And Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.4 Long-term insurance contracts (continued)

(e) Sensitivity analysis (continued)

Long-term insurance contracts with fixed and guaranteed terms and without DPF (continued):

Variable	Change in Variable 2009	Change in liability 2009 $'000	Change in Variable 2008	Change in liability 2008 $'000
For the Trinidadian life insurance subsidiaries:				
Worsening of mortality	1%	1,095	1%	1,067
Improvement of annuitant mortality	0.5%	12,674	0.5%	9,585
Lowering of investment returns	-1%	69,346	-1%	68,358
Worsening of base renewal expense level	5%	196	5%	238
Worsening of expense infl ation rate	1%	672	1%	735
For the Netherland Antilles and Aruba life insurance subsidiaries:				
Worsening of mortality	10%	39,859	10%	39,741
Improvement of annuitant mortality	10%	14,699	10%	3,087

Long-term insurance contracts with fixed and guaranteed terms and with DPF:

Variable	Change in Variable 2009	Change in liability 2009 $'000	Change in Variable 2008	Change in liability 2008 $'000
For the Jamaican life insurance subsidiary:				
Worsening of mortality	10%	440	10%	240
Lowering of investment returns	-1%	1,900	-2%	2,189
Worsening of basis renewal expense level	5%	942	5%	755
Worsening of expense infl ation	1%	1,358	1%	1,068
For the Netherland Antilles and Aruba life insurance subsidiaries:				
Worsening of mortality	10%	12,477	10%	12,690

The above analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk

The Group is exposed to fi nancial risk through its fi nancial assets, fi nancial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular the key fi nancial risk is that the proceeds from its fi nancial assets are not suffi cient to fund the obligations arising from its insurance and investment contracts. The components of this fi nancial risk are interest rate risk, equity price risk, foreign currency risk, liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specifi c market movements.

Risk management is carried out by Executive Investment Committees and Actuarial departments of operating units under policies approved by the Group's board of directors. The Group identifi es, evaluates and hedges fi nancial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specifi c areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

Market risk is the risk that the fair value or future cash fl ows of a fi nancial instrument will fl uctuate because of changes in market prices. Market risk comprises three types of risk - currency risk, interest rate risk and other price risk each of which are considered below.

(a) Currency risk

The Group takes on exposure to effects of fl uctuations in the prevailing foreign currency rates on its fi nancial position and cash fl ows. The Group has operations in the Caribbean as well as operations at Lloyd's which underwrites risks on a worldwide basis. The main exposure to risks are in respect to the US dollar, Antillean Guilder, Jamaican dollar and the Sterling. The Group's strategy for dealing with foreign exchange risk is to offset as far as possible foreign currency liabilities with assets denominated in the same currency.

Each subsidiary has an Executive Investment Committee which has oversight for the management of currency risk. The Trinidad insurance subsidiaries' exposure to currency risk is also mitigated by the requirements of the Insurance Act 1980, which does not allow more than 20% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(a) Currency risk (continued)

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 31 December. Included in the table are the Group's fi nancial instruments at carrying amounts, categorised by currency.

	TT $'000	US $'000	NAF $'000	JMD $'000	Sterling $'000	Other $'000	Total $'000
As at 31 December 2009							
Financial Assets	3,778,834	3,091,166	2,630,588	3,126,568	841,773	1,046,113	14,515,042
Financial Liabilities	1,443,425	1,124,015	11,427	2,047,071	3,489	616,240	5,245,667
	2,335,409	1,967,151	2,619,161	1,079,497	838,284	429,873	9,269,375
As at 31 December 2008							
Financial Assets	3,780,896	2,834,600	2,398,164	3,016,137	1,903,992	1,458,433	15,392,222
Financial Liabilities	1,341,637	1,135,368	10,382	2,127,679	2,700	598,454	5,216,220
	2,439,259	1,699,232	2,387,782	888,458	1,901,292	859,979	10,176,002

The sensitivity analysis for currency rate risk illustrates how changes in the fair value of future cash fl ows of a fi nancial instrument will fl uctuate because of changes in foreign currency exchange rates at the reporting date. For the sensitivity analyses, a 1% movement in exchange rates was used for 2009 for the Trinidad market (2008 - 1%), a 7% movement was used for 2009 for the Jamaica market (2008 - 4%), a 0.25% movement for 2009 was used for the Netherland Antilles and Aruba (2008 - 0.5%) and a 15% movement for 2009 was used for the UK market (2008 - 15%). The effect of an increase / decrease in the above rates, would result in an increase / decrease in the consolidated income statement and equity of $258,751,000 for 2009 (2008: $264,058,000).

(b) Interest rate risk

The Group is exposed to various risks associated with the effects of fl uctuations in the prevailing levels of market interest rates on its fi nancial position and cash fl ows. The major element of interest rate risk within the Group is the risk that the interest earned on the Group's investments is insuffi cient to meet the interest rates credited or guaranteed to policyholders. This applies to traditional life insurance policies and the deposit administration plans.

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(b) Interest risk (continued)

Exposure is managed largely by the use of natural hedges that arise by matching interest sensitive assets with liabilities of a similar nature. The Group also mitigates the effect of interest rate risk of the investment portfolio through the functioning of an Executive Investment Committee and the pricing of products by the actuarial function. The investment portfolio return is continually monitored by the Investment Committee. The results of these reviews inform the pricing of products and interest rates to be credited to the respective policies and plans.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash fl ows of a fi nancial instrument will fl uctuate because of changes in market interest rates at the reporting date. For the sensitivity analyses, a 1% movement in interest rates was used for 2009 for the Trinidad market (2008 - 1%), a 2% movement was used for 2009 for the Jamaica market (2008 - 3%) and a 0.38% movement for 2009 was used for the Netherland Antilles and Aruba (2008 - 0.5%). The effect of an increase in the above rates would result in a decrease in the consolidated income statement and equity of $20,925,000 for 2009 (2008: increase of $10,501,000). The effect of a decrease in the above rates would result in a decrease in the consolidated income statement and equity of $12,298,000 for 2009 (2008: decrease of $18,498,000).

(c) Other price risk

Price risk is the risk that the value of a fi nancial instrument will fl uctuate as a result of changes in market prices, whether those changes are caused by factors specifi c to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classifi ed on the consolidated statement of fi nancial position as fair value through profi t or loss. The Group manages its price risk by limiting the amount of its investments in equities and by monitoring movements in equity prices.

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fl uctuate because of changes in market prices at the reporting date. For the sensitivity analysis, a 5% movement in prices of local equities was used for 2009 for the Trinidad market (2008 - 5%), a 10% movement in prices of local equities was used for 2009 for the Jamaica market (2008 - 10%) and a 0.07% movement for 2009 was used for Netherland Antilles and Aruba (2008 - 2%) .

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(c) Other price risk (continued)

The effect of an increase / decrease in the above rates would result in an increase / decrease in the consolidated income statement and equity of $63,649,000 for 2009 (2008: $78,634,000).

4.2.2 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due, at a reasonable cost. Prudent liquidity risk management implies maintaining suffi cient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

Certain of the Group's contracts have features that allow them to be terminated at short notice creating a potential liquidity exposure. The Group monitors liquidity on a regular basis. An internally constituted Executive Investment Committee sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

There are no individual contracts or policyholders who have the potential to infl uence the withdrawal of a signifi cant amount of liabilities.

The following tables analyse the insurance liabilities and fi nancial liabilities of the Group into relevant maturity groupings based on the remaining period, at consolidated statement of fi nancial position date, to the contractual maturity date. The amounts disclosed in the table are at contractual undiscounted cash fl ows with the exception of insurance contracts and investment contracts which are at expected undiscounted cash fl ows.

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

			Undiscounted cash flows		
As at 31 December 2009	Carrying amount $'000	No stated maturity $'000	Less than one year $'000	One to five years $'000	Over five years $'000
Insurance liabilities and financial liabilities					
Long-term insurance contracts	7,799,222	1,347,177	311,224	1,802,644	12,620,052
Short-term insurance contracts	2,711,823	7,947	1,980,240	708,824	14,812
Investment contracts	1,346,720	597,437	-	-	749,283
Medium term borrowings	1,971,549	-	207,605	1,438,367	799,280
Short-term borrowings	265,287	-	266,546	-	-
Repurchase agreements	1,220,152	-	1,202,444	17,708	-
Bank overdrafts	436	-	436	-	-
Interest payable	40,580	-	40,580	-	-
Segregated funds' liabilities	400,944	396,282	83	648	2,604
Total	15,756,713	2,348,843	4,009,158	3,968,191	14,186,031
As at 31 December 2008					
Insurance liabilities and financial liabilities					
Long-term insurance contracts	7,312,174	1,238,561	279,387	1,658,243	12,115,242
Short-term insurance contracts	4,820,508	5,599	3,414,810	1,258,944	93,224
Investment contracts	1,223,817	433,071	-	-	790,746
Medium term borrowings	2,003,467	-	151,787	1,365,487	1,064,142
Short-term borrowings	224,979	-	226,097	-	-
Repurchase agreements	1,344,190	-	1,344,190	-	-
Bank overdrafts	74	-	74	-	-
Interest payable	33,108	-	33,108	-	-
Segregated funds' liabilities	386,585	382,812	197	685	2,891
Total	17,348,902	2,060,043	5,449,650	4,283,359	14,066,245

4.2.3 Credit risk

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to us. Each subsidiary in the various jurisdictions, has an Executive Investment Committee (EIC) that sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions or to obtain collateral (including guarantees) should unfavourable events occur.

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

The EIC initiates regular portfolio reviews, monitors counterparty creditworthiness, and evaluates potential transaction risks with a view towards early problem identifi cation and protection against unacceptable credit-related losses.

The Group actively monitors the fi nancial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Group's reinsurers are rated superior by A.M.Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

(a) Assets bearing credit risk

Below is an analysis of assets bearing credit risk

	Neither past due nor impaired $'000	Past due but not impaired $'000	Impaired $'000	Total $'000
As at 31 December 2009				
Debt securities	9,200,829	2,155	-	9,202,984
Deposits with fi nancial institutions (more than 90 days)	1,069,108	-	2,546	1,071,654
Other fi nancial assets	28,917	6,138	-	35,055
Interest receivable	347,323	743	10	348,076
Receivables arising from insurance contracts	477,345	-	21,251	498,596
Reinsurance contracts	122,869	-	-	122,869
Other loans and receivables	381,937	15,669	18,866	416,472
Cash and cash equivalents	2,234,661	-	22	2,234,683
	13,862,989	24,705	42,695	13,930,389

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(a) Assets bearing credit risk (continued)

	Neither past due nor impaired $'000	Past due but not impaired $'000	Impaired $'000	Total $'000
As at 31 December 2008				
Debt securities	8,080,689	19,634	-	8,100,323
Deposits with fi nancial institutions (more than 90 days)	1,792,359	-	-	1,792,359
Other fi nancial assets	2,699	19,278	-	21,977
Interest receivable	314,291	976	-	315,267
Receivables arising from insurance contracts	436,328	22,626	60,073	519,027
Reinsurance contracts	199,758	-	8,877	208,635
Other loans and receivables	318,716	846	7,788	327,350
Cash and cash equivalents	3,022,524	-	-	3,022,524
	14,167,364	63,360	76,738	14,307,462

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(b) Credit quality of fi nancial assets

The credit quality of fi nancial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. The table below provides information regarding the credit risk exposure of the Group by classifying assets according the Standard & Poor's issue credit rating.

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its fi nancial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its fi nancial commitment is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its fi nancial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its fi nancial commitment on the obligation.

Below BBB

Obligations rated 'Below BBB' are regarded as having signifi cant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

Not Rated

This indicates that no rating has been requested, that there is insuffi cient information on which to base a rating, or that Standards & Poor's does not rate a particular obligation as a matter of policy.

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(b) Credit quality of fi nancial assets(continued)

The concentration of credit risk is substantially unchanged compared to prior year.

	AAA $'000	AA $'000	A $'000	BBB $'000	Below BBB $'000	Not Rated $'000	Total 2009 $'000
Debt securities	1,427,648	181,256	3,546,153	438,451	2,895,760	711,561	9,200,829
Deposits with fi nancial institutions (more than 90 days)	23,050	83,418	644,702	290,747	3,373	23,818	1,069,108
Other fi nancial assets	-	-	9,901	-	-	19,016	28,917
Interest receivable	22,425	3,220	124,005	26,872	138,303	32,498	347,323
Receivables arising from insurance contracts	-	-	275,520	-	-	201,825	477,345
Reinsurance contracts	-	-	43,019	-	-	79,850	122,869
Other loans and receivables	-	-	191,261	-	-	190,676	381,937
Cash and cash equivalents	-	262,834	665,940	431,734	19,899	854,254	2,234,661
	1,473,123	530,728	5,500,501	1,187,804	3,057,335	2,113,498	13,862,989

	AAA $'000	AA $'000	A $'000	BBB $'000	Below BBB $'000	Not Rated $'000	Total 2008 $'000
Debt securities	1,277,292	85,312	3,256,202	260,202	2,722,060	479,621	8,080,689
Deposits with fi nancial institutions (more than 90 days)	270,201	207,695	884,401	2,503	-	427,559	1,792,359
Other fi nancial assets	-	-	5,322	-	-	(2,623)	2,699
Interest receivable	19,806	11,092	107,606	16,150	99,994	59,643	314,291
Receivables arising from insurance contracts	-	-	254,269	-	-	182,059	436,328
Reinsurance contracts	2,924	79,492	41,866	-	-	75,476	199,758
Other loans and receivables	-	-	182,332	-	-	136,384	318,716
Cash and cash equivalents	-	497,525	1,213,228	3,828	6,411	1,301,532	3,022,524
	1,570,223	881,116	5,945,226	282,683	2,828,465	2,659,651	14,167,364

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Financial assets that are past due but not impaired

	Carrying Value $'000				
	Less than 3 months	3-6 months	6 -9 months	9 -12 months	More than 12 months
As at 31 December 2009					
Debt securities	342	762	-	536	515
Other fi nancial assets	6,138	-	-	-	-
Interest receivable	230	287	-	226	-
Other loans and receivables	15,219	150	300	-	-
	21,929	1,199	300	762	515
As at 31 December 2008					
Debt securities	15,093	69	-	3,558	914
Other fi nancial assets	-	-	-	-	19,278
Interest receivable	656	-	-	-	320
Receivables arising from insurance contracts	17,729	2,897	-	-	2,000
Other loans and receivables	-	-	-	846	-
	33,478	2,966	-	4,404	22,512

(d) Collateral held in respect of fi nancial assets that are past due but not impaired

	Fair value of collateral held	
	2009 $'000	2008 $'000
Other loans and receivables	1,110	537
	1,110	537

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Financial assets that are impaired

	Carrying Value		Fair value of collateral held	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deposits with fi nancial institutions	2,546	-	-	-
Interest receivable	10	-	-	-
Receivables arising from insurance contracts	21,251	60,073	21,251	60,073
Reinsurance contracts	-	8,877	-	-
Other loans and receivables	18,866	7,788	39,917	-
	42,673	76,738	61,168	60,073

(f) Allowance for Impairment

	Receivables from insurance contracts $'000	Receivables from reinsurers $'000	Other loans and receivables $'000	Total $'000
Balance at 1 January 2009	1,977	8,877	7,788	18,642
Exchange differences	15	191	56	262
Provision for loan impairment	(1,104)	-	2,402	1,298
Loans written off during the year as uncollectible	-	(9,068)	-	(9,068)
Amounts recovered during the year	-	-	(7,844)	(7,844)
Balance at 31 December 2009	888	-	2,402	3,290
Balance at 1 January 2008	3,789	5,321	19,648	28,758
Exchange differences	(17)	(123)	(89)	(229)
Provision for loan impairment	(1,795)	3,679	-	1,884
Loans written off during the year as uncollectible	-	-	(6,232)	(6,232)
Amounts recovered during the year	-	-	(5,539)	(5,539)
Balance at 31 December 2008	1,977	8,877	7,788	18,642

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(g) Concentrations of risks of fi nancial assets with credit risk exposure

The following table breaks down the Group's main credit risk exposure at their carrying amounts, as categorised by the industry sectors of counterparties.

	Financial Institutions $'000	Manu-facturing $'000	Real Estate $'000	Wholesale & Retail trade $'000	Public sector $'000	Other Industries $'000	Individuals $'000	Total $'000
As at 31 December 2009								
Debt securities	3,233,117	8,955	257,330	6,114	5,140,366	557,102	-	9,202,984
Deposits with fi nancial institutions	1,057,959	-	-	-	4,695	-	9,000	1,071,654
Other fi nancial assets	(57,620)	-	(60)	-	-	92,735	-	35,055
Interest receivable	138,510	153	4,302	21	191,058	9,168	4,864	348,076
Receivables arising from insurance contracts	-	-	-	-	-	27,442	471,154	498,596
Reinsurance contracts	65,007	-	-	-	-	57,862	-	122,869
Other loans and receivables	39,540	-	152,472	-	-	30,764	193,696	416,472
Cash and cash equivalents	1,918,365	-	250,785	-	11,852	53,659	-	2,234,661
	6,394,878	9,108	664,829	6,135	5,347,971	828,732	678,714	13,930,367
As at 31 December 2008								
Debt securities	2,886,819	54,633	136,036	58,248	4,358,648	605,939	-	8,100,323
Deposits with fi nancial institutions	1,725,440	-	-	-	40,985	25,934	-	1,792,359
Other fi nancial assets	(40,759)	-	-	-	-	62,736	-	21,977
Interest receivable	146,016	396	12	685	123,484	34,739	9,935	315,267
Receivables arising from insurance contracts	-	-	-	-	-	27,666	491,361	519,027
Reinsurance contracts	71,699	-	-	-	-	33,171	103,765	208,635
Other loans and receivables	39,978	-	83,665	-	6,289	12,672	184,746	327,350
Cash and cash equivalents	2,423,451	-	370,515	-	100	228,458	-	3,022,524
	7,252,644	55,029	590,228	58,933	4,529,506	1,031,315	789,807	14,307,462

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Capital management

The Group's objectives when managing capital are:

- to comply with the capital requirements required by the regulators of the markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefi ts for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

In each country in which the Group operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities and the Group is subject to insurance solvency regulations in all the territories in which it issues insurance contracts. The minimum required capital must be maintained at all times throughout the year. The Group is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts.

The table below summarises the minimum required capital across the main territories in the Group. The Group has complied with these minimum capital requirements. These fi gures are an aggregate number, being the sum of the statutory capital and surplus for each insurance subsidiary in each country subject to local regulatory requirements, which may differ from jurisdiction to jurisdiction.

	European P & C Companies $'000	Guardian Re (SAC) Ltd. (formerly Colrich (SAC) Ltd.) $'000	Guardian General Insurance Ltd. and its subsidiaries $'000	Jamaica life insurance company $'000	Trinidad life insurance company $'000	N.A. & Aruba insurance companies $'000	Group $'000
2009							
Minimum regulatory capital	-	243,174	127,322	23,273	7,371	161,691	562,831
2008							
Minimum regulatory capital	358,800	227,202	126,220	33,532	7,107	145,760	898,621

4. Management Of Insurance And Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Capital management (continued)

The Trinidadian asset management subsidiary holds a license under the Financial Institutions (Non-banking) Act 1993 and as such the subsidiary is required to have a minimum paid up share capital of $15 million. Also the Act requires the subsidiary to transfer a minimum of 10% of its profi t after tax to a Statutory Reserve Fund until the balance in the Fund is not less than the paid up capital of the subsidiary as well as the subsidiary's qualifying capital shall be no less than 8% of its risk adjusted assets. The subsidiary has complied with these requirements.

The Jamaican asset management subsidiary is subject to capital requirements by the Financial Services Commission in Jamaica as a licensed securities dealer. The Commission requires each securities dealer to hold the minimum level of regulatory capital of no less than 50% of the issued and fully paid-up capital in the form of ordinary shares and retained earnings as well as maintain a ratio of total regulatory capital to the risk-weighted assets at or above 14%. The subsidiary has complied with these requirements.

5. Property, Plant And Equipment

	Freehold and Leasehold Properties $'000	Offi ce Furniture and Equipment $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
Year ended 31 December 2009					
Opening net book amount	451,237	123,627	9,321	6,869	591,054
Difference on retranslation of opening balance	(4,865)	(1,201)	(385)	110	(6,341)
Revaluation surplus	4,677	-	-	-	4,677
Additions	37,627	27,223	4,111	3,114	72,075
Disposals and adjustments	(69,197)	(2,464)	(812)	(2,505)	(74,978)
Disposal of subsidiary	(18,097)	(11,548)	-	-	(29,645)
Transfers	500	2,007	-	(2,507)	-
Depreciation charge	(12,476)	(32,521)	(3,201)	-	(48,198)
Closing net book amount	389,406	105,123	9,034	5,081	508,644
At 31 December 2009					
Cost or valuation	420,327	328,043	19,746	30,287	798,403
Accumulated depreciation	(30,921)	(222,920)	(10,712)	(25,206)	(289,759)
Closing net book amount	389,406	105,123	9,034	5,081	508,644
Year ended 31 December 2008					
Opening net book amount	518,320	139,456	8,245	9,386	675,407
Difference on retranslation of opening balance	(17,567)	(3,401)	(606)	(41)	(21,615)
Revaluation surplus	(27,903)	-	-	-	(27,903)
Additions	5,290	28,585	5,284	3,145	42,304
Disposals and adjustments	(20,164)	(728)	(527)	(162)	(21,581)
Transfers	5,459	-	-	(5,459)	-
Depreciation charge	(12,198)	(40,285)	(3,075)	-	(55,558)
Closing net book amount	451,237	123,627	9,321	6,869	591,054
At 31 December 2008					
Cost or valuation	487,224	342,855	19,261	31,893	881,233
Accumulated depreciation	(35,987)	(219,228)	(9,940)	(25,024)	(290,179)
Closing net book amount	451,237	123,627	9,321	6,869	591,054

5. Property, Plant And Equipment (continued)

	Freehold and Leasehold Properties $'000	Offi ce Furniture and Equipment $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
Year ended 31 December 2007					
Opening net book amount	478,057	96,491	7,752	30,153	612,453
Difference on retranslation of opening balance	(877)	(459)	(151)	69	(1,418)
Revaluation surplus	37,647	-	-	-	37,647
Additions	11,625	63,370	4,384	2,969	82,348
Disposals and adjustments	(22)	(1,664)	(622)	-	(2,308)
Transfers	3,403	20,402	-	(23,805)	-
Depreciation charge	(11,513)	(38,684)	(3,118)	-	(53,315)
Closing net book amount	518,320	139,456	8,245	9,386	675,407
At 31 December 2007					
Cost or valuation	546,212	334,325	19,745	9,386	909,668
Accumulated amortisation	(27,892)	(194,869)	(11,500)	-	(234,261)
Closing net book amount	518,320	139,456	8,245	9,386	675,407

The following are the dates of the last valuations of land and buildings in the Group:

Guardian Life of the Caribbean Limited	-	December 2009
Bancassurance Caribbean Limited	-	December 2008
Guardian Life Limited	-	December 2009
Fatum Holding NV	-	May 2009
Guardian General Insurance Limited	-	December 2009
Chic Management Services Limited	-	December 2009

Valuations were made on the basis of open market value by external independent valuers.

Depreciation expense of $48,198,000 (2008 - $55,558,000) has been charged in other operating expenses.

If freehold and leasehold properties were stated on a historical cost basis, the amounts would be as follows:

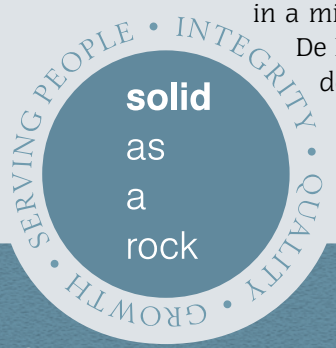
5. Property, Plant And Equipment (continued)

	2009 $'000	2008 $'000
Cost	**306,459**	377,104
Accumulated depreciation	**(33,621)**	(33,672)
Net book amount	**272,838**	343,432

6. Investment Properties

	2009 $'000	2008 $'000	2007 $'000
Balance at beginning of year	**753,373**	627,477	539,904
Difference on retranslation of opening balance	**(11,583)**	(36,552)	11,746
Additions	**240,786**	106,866	69,436
Fair value (losses)/gains (Note 30)	**(6,764)**	52,481	6,391
Disposals	**-**	(6,149)	-
Fair value adjustments directly related to the unit linked funds	**(16,622)**	9,250	-
Balance at end of year	**959,190**	753,373	627,477
Rental income	**30,467**	30,115	28,576
Direct operating expenses incurred in respect of investment property that generated rental income during the period	**2,307**	4,376	3,510
Direct operating expenses incurred in respect of investment property that did not generate rental income during the period	**-**	31	72

Included in the investment property balance above is $534,147,000 (2008 -$288,560,000) that relates to the work in progress related to the Group's investment in a mixed commercial and residential urban redevelopment project in Fort De France, Martinique that is carried at cost as fair value is not yet readily determinable.



7. Intangible Assets

	Goodwill $'000	Other $'000	Total $'000
Year ended 31 December 2009			
Balance at beginning of year	624,851	19,215	644,066
Difference on retranslation of opening balance	26,700	(1,875)	24,825
Additions	-	5,977	5,977
Impairment	(397,221)	(2,114)	(399,335)
Amortisation	-	(5,301)	(5,301)
Balance at end of year	254,330	15,902	270,232
At 31 December 2009			
Cost	254,330	36,035	290,365
Accumulated amortisation	-	(20,133)	(20,133)
Net book value	254,330	15,902	270,232
Year ended 31 December 2008			
Balance at beginning of year	1,092,768	12,309	1,105,077
Difference on retranslation of opening balance	(211,349)	(1,174)	(212,523)
Additions	-	12,816	12,816
Impairment	(256,568)	-	(256,568)
Amortisation	-	(4,736)	(4,736)
Balance at end of year	624,851	19,215	644,066
At 31 December 2008			
Cost	624,851	33,417	658,268
Accumulated amortisation	-	(14,202)	(14,202)
Net book value	624,851	19,215	644,066

7. Intangible Assets (continued)

	Goodwill $'000	Other $'000	Total $'000
Year ended 31 December 2007			
Balance at beginning of year	1,067,730	16,911	1,084,641
Difference on retranslation of opening balance	17,305	(733)	16,572
Additions	-	252	252
Amortisation	-	(4,121)	(4,121)
Negative goodwill transferred to retained earnings	7,733	-	7,733
Balance at end of year	1,092,768	12,309	1,105,077
At 31 December 2007			
Cost	1,092,768	23,358	1,116,126
Accumulated amortisation	-	(11,049)	(11,049)
Net book value	1,092,768	12,309	1,105,077

Other intangible assets represent brand costs, computer software costs and website development costs.

Goodwill is assigned to the Group's cash generating units on acquisition. In accordance with IFRS 3, all assets that gave rise to goodwill were reviewed for impairment at year end using the 'value in use' method. In each case, the cash fl ow projections are based on fi nancial budgets approved by senior management covering a fi ve year period.

A summary of the goodwill for each cash-generating unit is presented below:

	2009 $'000	2008 $'000	2007 $'000
Zenith Insurance Plc (Note (a) below)	-	365,230	833,147
Guardian General Insurance Limited (Note (b) below)	**97,459**	97,459	97,459
Nemwil International Insurance Services Limited (Note (c) below)	-	5,291	5,291
Guardian Insurance Limited (Note (b) below)	**153,977**	153,977	153,977
Guardian Asset Management Jamaica Limited (Note (b) below)	**2,894**	2,894	2,894
	254,330	624,851	1,092,768

7. Intangible Assets (continued)

(a) The balance of goodwill related to the acquisition of Zenith Insurance Plc has been written off upon the sale of this investment (Note 37).

(b) For Guardian Insurance Limited, Guardian General Insurance Limited and Guardian Asset Management Jamaica Limited, a discount rate of 10% was used for the Trinidad companies and a discount rate of 15% was used for the Jamaica companies. A cash fl ow projection term of 5 years was used for both and the growth rate used was 0%. In addition the values assigned to key assumptions refl ect past performance. Based on the results of this review, no impairment expense was required for goodwill.

(c) Nemwil International Insurance Services Limited was wound up during the year and the goodwill was written off (Note 37).

8. Investment In Associated Companies

	2009 $'000	2008 $'000	2007 $'000
Balance at beginning of year	**271,946**	477,245	366,914
Difference on retranslation of opening balance	**5,146**	(16,839)	296
Loans to / (repayments) from associate	**1,657**	(9,819)	8,305
Share of profi t after tax	**15,573**	28,061	96,877
Dividends received	**(12,822)**	(21,262)	(21,253)
Share of proceeds on disposal	-	-	49,659
Additional investment in associated company	-	24,776	-
Reserve and other movements	**10,497**	2,320	(68)
Book value of associated companies disposed of	**-**	(212,536)	(23,485)
Fair value loss on assets held for sale	**(17,923)**	-	-
Balance at end of year	**274,074**	271,946	477,245

8. Investment In Associated Companies (continued)

The Group's interests in its associates were as follows:

Name	Share of Assets $'000	Share of Liabilities $'000	Share of Revenue $'000	Share of Profi t after tax $'000	Interest Held %
Jubilee Group Holdings Limited (Formerly Appleclaim Limited)	126,632	69,411	473,810	8,814	39.0
Royal Star Assurance (Bahamas) Ltd	94,012	43,255	101,701	9,655	25.0
M&C General Insurance Company Ltd	11,661	5,243	7,165	1,254	20.0
Ocho Rios Beach Resorts Limited	39,065	7,192	1,017	(13,595)	24.0
RGM Limited	334,483	209,427	48,464	9,129	33.3
Servus Limited	8,141	5,392	27,434	316	50.0
Eastern Caribbean Gas Pipeline Company Limited (Note 18)	-	-	-	-	0.0
Total at the end of 2009	613,994	339,920	659,591	15,573	
Jubilee Group Holdings Limited (Formerly Appleclaim Limited)	682,241	634,776	249,647	15,381	39.0
Royal Star Assurance (Bahamas) Ltd	91,990	47,915	115,638	5,126	25.0
M&C General Insurance Company Ltd	9,969	4,290	7,098	1,404	20.0
Ocho Rios Beach Resorts Limited	53,100	7,719	2,244	598	24.0
Grupo Mundial Tenedora S.A	-	-	-	546	0.0
RGM Limited	328,868	218,462	49,324	10,498	33.3
Servus Limited	8,932	6,248	33,416	566	50.0
Eastern Caribbean Gas Pipeline Company Limited	20,196	3,940	205	(6,058)	40.5
Total at the end of 2008	1,195,296	923,350	457,572	28,061	

None of the Group's associated companies are publicly quoted.

9. Financial Assets

	2009		2008		2007	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Financial assets	**10,741,996**	**10,724,712**	10,814,763	10,735,930	11,149,615	11,110,106
Financial assets of Mutual Fund unit holders	**962,445**	**962,445**	515,626	515,626	454,470	454,470
	11,704,441	**11,687,157**	11,330,389	11,251,556	11,604,085	11,564,576
Financial assets at fair value through profi t or loss	**6,510,292**	**6,510,292**	7,375,623	7,375,623	8,532,857	8,532,857
Held to maturity fi nancial assets	**4,158,698**	**4,141,414**	3,374,995	3,296,162	2,530,406	2,490,897
Available-for-sale financial assets	**1,035,451**	**1,035,451**	579,771	579,771	540,822	540,822
Total fi nancial assets	**11,704,441**	**11,687,157**	11,330,389	11,251,556	11,604,085	11,564,576

	Carrying Value		
	2009	2008	2007
Financial assets at fair value through profi t or loss	$'000	$'000	$'000
Equity securities:			
- Listed	**1,023,062**	1,089,345	2,838,996
- Unlisted	**48,691**	84,864	197,674
	1,071,753	1,174,209	3,036,670
Debt securities:			
- Government securities	**2,604,830**	3,037,285	2,861,636
- Debentures and corporate bonds	**2,119,780**	1,665,031	1,734,440
	4,724,610	4,702,316	4,596,076
Deposits with fi nancial institutions (more than 90 days)	**497,423**	1,297,043	739,355
Other	**35,055**	21,977	10,862
	532,478	1,319,020	750,217
	6,328,841	7,195,545	8,382,963
Interest receivable	**181,451**	180,078	149,894
	6,510,292	7,375,623	8,532,857
Current	**2,112,791**	2,244,609	2,060,136
Non-current	**4,397,501**	5,131,014	6,472,721
	6,510,292	7,375,623	8,532,857

The carrying amount of fi nancial assets above that was pledged as collateral for liabilities was $63,250,000 (2008: $63,250,000).

9. Financial Assets (continued)

	2009		2008		2007	
Held-to-maturity financial assets	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Debt securities:						
- Government securities	3,082,217	3,064,933	2,513,989	2,435,156	2,149,750	2,110,241
- Debentures and corporate bonds	528,718	528,718	368,116	368,116	239,230	239,230
	3,610,935	3,593,651	2,882,105	2,803,272	2,388,980	2,349,471
Deposits with fi nancial institutions (more than 90 days)	430,213	430,213	400,095	400,095	87,099	87,099
	4,041,148	4,023,864	3,282,200	3,203,367	2,476,079	2,436,570
Interest receivable	117,550	117,550	92,795	92,795	54,327	54,327
	4,158,698	4,141,414	3,374,995	3,296,162	2,530,406	2,490,897

	Carrying Value		
	2009 $'000	2008 $'000	2007 $'000
Current	514,015	480,010	458,548
Non-current	3,644,683	2,894,985	2,071,858
	4,158,698	3,374,995	2,530,406

9. Financial Assets (continued)

Available-for-sale financial assets	2009 $'000	2008 $'000	2007 $'000
Equity securities:			
- Listed	**133,810**	78,092	153,352
- Unlisted	**-**	4,715	4,737
	133,810	82,807	158,089
Debt securities:			
- Government securities	**427,473**	158,004	80,911
- Debentures and corporate bonds	**306,072**	227,026	105,707
	733,545	385,030	186,618
Deposits with fi nancial institutions (more than 90 days)	**144,018**	95,221	190,862
	1,011,373	563,058	535,569
Interest receivable	**24,078**	16,713	5,253
	1,035,451	579,771	540,822
Current	**324,963**	181,144	157,365
Non-current	**710,488**	398,627	383,457
	1,035,451	579,771	540,822

9. Financial Assets (continued)

Where fixed rate bonds do not have regular prices in an active market, a projected yield curve based on the most recent issues of government debt is used to estimate fair value. Adjustments are made for credit spreads on non-government issues and features such as call options.

The table below illustrates the movements in financial assets:

	Financial assets at fair value through profit or loss $'000	Held to maturity financial assets $'000	Available-for-sale financial assets $'000	Total $'000
At beginning of 2009	7,195,545	3,282,200	563,058	11,040,803
Exchange differences	(5,614)	(25,597)	2,586	(28,625)
Additions	5,722,748	1,741,412	1,319,090	8,783,250
Disposals / maturities	(6,397,461)	(953,837)	(960,291)	(8,311,589)
Fair value net gains/(losses)	66,856	(3,030)	92,819	156,645
Impairment losses	(2,546)	-	(5,889)	(8,435)
Disposal of subsidiary	(250,687)	-	-	(250,687)
At the end of 2009	6,328,841	4,041,148	1,011,373	11,381,362
At beginning of 2008	8,382,963	2,476,079	535,569	11,394,611
Exchange differences	(517,528)	(39,432)	-	(556,960)
Additions	7,091,385	1,288,957	1,908,656	10,288,998
Disposals / maturities	(7,319,170)	(444,879)	(1,765,608)	(9,529,657)
Fair value net (losses) / gains	(442,105)	1,475	(115,559)	(556,189)
At the end of 2008	7,195,545	3,282,200	563,058	11,040,803
At beginning of 2007	7,483,790	2,382,344	196,034	10,062,168
Exchange differences	(49,449)	(6,087)	368	(55,168)
Additions	5,687,610	770,725	1,296,344	7,754,679
Disposals / maturities	(4,574,547)	(670,903)	(960,300)	(6,205,750)
Fair value net (losses) / gains	(164,193)	-	3,123	(161,070)
Impairment losses	(1,073)	-	-	(1,073)
Capitalised interest	825	-	-	825
At the end of 2007	8,382,963	2,476,079	535,569	11,394,611

10. Loans And Receivables

	2009		2008		2007	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Loans and receivables	**1,196,828**	**1,196,830**	1,211,565	1,208,719	1,262,269	1,246,655

	Carrying Value		
	2009 $'000	**2008 $'000**	**2007 $'000**
Debt securities:			
- Government securities	**36,244**	33,826	34,800
- Debentures and corporate bonds	**97,650**	97,046	121,404
	133,894	130,872	156,204
Mortgages	**429,386**	444,742	467,066
Policy Loans	**70,098**	76,262	79,384
Provision for impairment of receivables from contract holders	**(888)**	(1,977)	(3,789)
Due from reinsurers	**122,869**	217,512	291,705
Provision for impairment of receivables from reinsurers	-	(8,877)	(5,321)
Other loans and receivables	**418,874**	335,138	275,369
Provision for impairment of other loans and receivables	**(2,402)**	(7,788)	(20,184)
	1,037,937	1,055,012	1,084,230
Interest receivable	**24,997**	25,681	21,835
	1,196,828	1,211,565	1,262,269
Current	**382,423**	417,623	428,404
Non-current	**814,405**	793,942	833,865
	1,196,828	1,211,565	1,262,269

The carrying amount of loans and receivables above that was pledged as collateral for liabilities was $377,478,000 (2008: $361,449,000).

11. Pension Plan Assets

The following information explains the quantifi cation of the assets recognised in the consolidated statement of fi nancial position and the net income for the year in accordance with the provisions of IAS 19.

	2009 $'000	2008 $'000	2007 $'000
Fair value of pension plan assets	**504,742**	479,053	466,185
Less: Present value of funded obligations	**(449,930)**	(373,255)	(322,540)
	54,812	105,798	143,645
Less: Present value of unfunded obligations	**(839)**	(756)	(766)
IAS 19 Consolidated statement of fi nancial position asset	**53,973**	105,042	142,879

IAS 19 consolidated statement of fi nancial position assets represent the economic value that the Group will derive from the pension plan surplus based on its current plans and in accordance with legislative restrictions on the use of pension plan surpluses.

The amount in the consolidated income statement is made up as follows:-

	2009 $'000	2008 $'000	2007 $'000
Expected return on plan assets	**34,358**	36,679	35,853
Actuarial gains	-	-	7,741
Interest cost	**(29,721)**	(26,373)	(25,298)
Current service cost	**(18,143)**	(16,970)	(14,715)
Past service cost	-	-	(2,300)
Other	**3,987**	646	(355)
Net (loss) / gain for the year (Note 32)	**(9,519)**	(6,018)	926

11. Pension Plan Assets (continued)

The movement in the fair value of pension plan assets of the year is as follows:

	2009 $'000	2008 $'000	2007 $'000
Balance at beginning of year	**479,053**	466,185	433,707
Difference on retranslation of opening balance	**1,926**	(1,120)	705
Expected return on plan assets	**34,358**	36,679	35,853
Benefi t payments	**(11,223)**	(12,105)	(10,755)
Company contributions	**9,906**	-	14,814
Actuarial losses	**(9,278)**	(10,586)	(8,139)
Balance at end of year	**504,742**	479,053	466,185
The movement in the obligation to plan members over the year is as follows:			
Balance at beginning of year	**374,011**	323,306	307,047
Difference on retranslation of opening balance	**1,389**	(733)	470
Current service cost	**18,143**	16,970	14,715
Interest cost	**29,721**	26,373	25,298
Contributions by plan participants	**665**	622	580
Actuarial losses / (gains)	**40,419**	20,888	(15,880)
Benefi ts paid	**(13,579)**	(13,415)	(11,224)
Past service cost	**-**	-	2,300
Balance at end of year	**450,769**	374,011	323,306

The principal actuarial assumptions used for accounting purposes were:

	2009	2008	2007
Discount rates	**5.5% - 7.5%**	6.5% - 9.0%	7.0% - 9.0%
Future salary increases	**3.0% - 4.5%**	3.0% - 6.0%	3.0% - 6.0%
Expected return on plan assets	**5.5% - 7.5%**	6.5% - 9.0%	7.0% - 9.0%
Post retirement mortality	**PA90 ultimate/ US table GAM 83 GBM/GBV9095**	PA90 ultimate/ US table GAM 83	PA90 ultimate/ US table GAM 83
Pre-retirement mortality	**A67/70 ultimate**	A67/70 ultimate	A67/70 ultimate
Withdrawal from service	**Nil**	Nil	Nil
Future pension increases	**0.0% - 3.5%**	0.0% - 3.5%	0.0% - 3.5%
Proportion of employees opting for early retirement	**Nil**	Nil	Nil

The actual return on plan assets was $19,411,000 (2008: $20,031,000).

11. Pension Plan Assets (continued)

Pension plan assets are comprised as follows::

	2009		2008		2007	
	$'000	%	$'000	%	$'000	%
Equity securities	**359,479**	**71%**	354,264	74%	343,513	74%
Debt securities	**72,439**	**14%**	68,730	14%	37,396	8%
Property	**14,500**	**3%**	14,500	3%	14,088	3%
Other	**58,324**	**12%**	41,559	9%	71,188	15%
	504,742	**100%**	479,053	100%	466,185	100%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fi xed interest investments are based on gross redemption yields as at the consolidated statement of fi nancial position date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ending 31 December 2010 are $28,841,000.

As at 31 December	2009	2008	2007	2006	2005
Present value of defi ned benefi t obligation	**(449,930)**	(373,255)	(322,540)	(325,717)	(315,854)
Fair value of plan assets	**504,742**	479,053	466,185	432,093	417,294
Surplus	**54,812**	105,798	143,645	106,376	101,440
Experience adjustments on plan liabilities	**(26,047)**	(8,031)	6,395	(4,681)	(77,305)
Experience adjustments on plan assets	**(21,565)**	(10,390)	(8,547)	(12,303)	(8,027)

12. Value To Shareholders Of Inforce Long-term Business

	2009 $'000	2008 $'000	2007 $'000
Balance at beginning of year	**570,243**	529,519	487,825
Difference on retranslation of opening balance	**(21,659)**	(29,589)	52,516
Increase/(decrease) for the year	**35,121**	70,313	(10,822)
Balance at end of year	**583,705**	570,243	529,519
Changes in assumptions during the year:			
For the Jamaican life insurance subsidiary:			
Changes in expense assumptions	**(3,928)**	4,087	310
Changes in lapse assumptions	**(1,255)**	(1,815)	(4,397)
Changes in investment returns	**8,831**	(4,783)	(9,042)
Changes in annuity assumptions	-	907	(1,016)
Changes in other assumptions	**(130)**	-	-
Total change	**3,518**	(1,604)	(14,145)

There were no changes in the assumptions used for the life insurance subsidiaries in Trinidad, Netherland Antilles and Aruba.

13. Deferred Taxation

The following amounts are shown in the consolidated statement of fi nancial position:

	2009 $'000	2008 $'000	2007 $'000
Deferred tax assets:			
- To be recovered after more than 12 months	**43,448**	68,937	71,165
- To be recovered within 12 months	**3,930**	10,019	-
	47,378	78,956	71,165
Deferred tax liabilities			
- Crystallising after more than 12 months	**(199,726)**	(226,273)	(243,160)
Net deferred tax liability	**(152,348)**	(147,317)	(171,995)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefi t through the future taxable profi ts is probable.

The movement on the net deferred tax account is as follows:

Balance at beginning of year	**(147,317)**	(171,995)	(181,258)
Difference on retranslation of opening balance	**(939)**	758	1,542
(Charge)/credit for the year (Note 36)	**(1,623)**	24,399	12,013
Tax charged to equity in respect of revaluation of properties	**180**	(252)	(5,536)
Disposal of subsidiary	**(2,928)**	-	-
Other movements	**279**	(227)	1,244
Balance at end of year	**(152,348)**	(147,317)	(171,995)

13. Deferred Taxation (continued)

The movement in the deferred tax assets and liabilities during the year is attributable to the following items:

	Balance at beginning of year $'000	Exchange rate adjustment $'000	Credit / (charge) for the year $'000	Revaluation of properties $'000	Other movements $'000	Disposal of subsidiary $'000	Balance at Dec 2009 $'000
Future distributions	(160,485)	873	32,680	-	-	-	(126,932)
Value to shareholders of inforce long-term insurance business	(15,094)	-	813	-	-	-	(14,281)
Zero coupon bonds	(10,535)	-	(4,372)	-	-	-	(14,907)
Pension plan assets	(3,702)	-	488	-	-	-	(3,214)
Accelerated tax depreciation	(9,848)	221	1,541	-	200	(2,887)	(10,773)
Tax losses carried forward	43,264	73	(16,464)	-	(1,388)	181	25,666
Investments at fair value through profi t or loss	28,795	(2,792)	(12,567)	-	1,467	(222)	14,681
Revaluation of properties	(9,702)	686	-	180	-	-	(8,836)
Catastrophe reserve	(10,010)	-	(3,742)	-	-	-	(13,752)
	(147,317)	(939)	(1,623)	180	279	(2,928)	(152,348)

	Balance at beginning of year $'000	Exchange rate adjustment $'000	Credit / (charge) for the year $'000	Revaluation of properties $'000	Other movements $'000	Disposal of subsidiary $'000	Balance at Dec 2008 $'000
Future distributions	(177,854)	1,930	15,440	-	(1)	-	(160,485)
Value to shareholders of inforce long-term insurance business	(13,895)	-	(1,199)	-	-	-	(15,094)
Zero coupon bonds	(9,447)	-	(1,088)	-	-	-	(10,535)
Pension plan assets	(3,651)	-	(51)	-	-	-	(3,702)
Accelerated tax depreciation	(3,007)	(827)	(5,884)	-	(130)	-	(9,848)
Tax losses carried forward	66,434	(25)	(23,329)	-	184	-	43,264
Investments at fair value through profi t or loss	(13,382)	(1,265)	43,722	-	(280)	-	28,795
Revaluation of properties	(10,395)	945	-	(252)	-	-	(9,702)
Catastrophe reserve	(6,798)	-	(3,212)	-	-	-	(10,010)
	(171,995)	758	24,399	(252)	(227)	-	(147,317)

13. Deferred Taxation (continued)

	Balance at beginning of year $'000	Exchange rate at adjustment $'000	Credit / (charge) for the year $'000	Revaluation of properties $'000	Other movements $'000	Balance Dec 2007 $'000
Future distributions	(180,590)	405	2,331	-	-	(177,854)
Value to shareholders of inforce long-term insurance business	(11,345)	-	(2,550)	-	-	(13,895)
Zero coupon bonds	(11,156)	-	1,709	-	-	(9,447)
Pension plan assets	(3,634)	-	(17)	-	-	(3,651)
Accelerated tax depreciation	(4,740)	66	422	-	1,245	(3,007)
Tax losses carried forward	51,522	206	14,706	-	-	66,434
Investments at fair value through profi t or loss	(16,349)	757	2,210	-	-	(13,382)
Revaluation of properties	(4,966)	108	-	(5,536)	(1)	(10,395)
Catastrophe reserve	-	-	(6,798)	-	-	(6,798)
	(181,258)	1,542	12,013	(5,536)	1,244	(171,995)

14. Reinsurance Assets

This represents the Group's net contractual rights under reinsurance contracts:

	2009 $'000	2008 $'000
Long term insurance contracts:		
With fi xed and guaranteed terms	**39,194**	38,938
Without fi xed terms	**11,891**	10,950
	51,085	49,888
Short term insurance contracts:		
Claims reported and loss adjustment expenses (Note 23.1(e))	**144,663**	676,845
Claims incurred but not reported (Note 23.1(e))	**10,385**	95,800
Unearned premiums (Note 23.1(f))	**202,005**	219,805
	357,053	992,450
Total reinsurers' share of insurance liabilities	**408,138**	1,042,338
Current	**261,093**	755,222
Non-current	**147,045**	287,116
Total reinsurers' share of insurance liabilities	**408,138**	1,042,338

15. Deferred Acquisition Costs

This represents the Group's net contractual rights under reinsurance contracts:

	2009 $'000	2008 $'000
Short-term insurance contracts:		
Balance at beginning of year	521,909	594,444
Difference on retranslation of opening balance	16,809	(65,715)
Increase in the year	551,954	461,875
Release in the year	(533,108)	(468,695)
Disposal of subsidiary	(91,024)	-
Balance at end of year	466,540	521,909
Current	377,485	322,977
Non-current	89,055	198,932
	466,540	521,909

16. Cash And Cash Equivalents

	2009 $'000	2008 $'000	2007 $'000
Cash and cash equivalents	2,104,353	2,979,309	3,204,037
Cash and cash equivalents of Mutual Fund unit holders	130,308	43,215	19,422
	2,234,661	3,022,524	3,223,459
Cash at bank and in hand	981,752	830,466	997,406
Short term deposits (90 days or less)	1,252,909	2,192,058	2,226,053
	2,234,661	3,022,524	3,223,459
Bank overdraft (Note 24)	(436)	(74)	(472)
Net cash and cash equivalents	2,234,225	3,022,450	3,222,987
At beginning of year	3,022,450	3,222,987	2,526,754
Difference on retranslation of opening balance	51,124	(364,376)	5,734
Disposal of subsidiary	(593,214)	-	-
	2,480,360	2,858,611	2,532,488
At end of year	2,234,225	3,022,450	3,222,987
Net (decrease) / increase in cash used in cash fl ow	(246,135)	163,839	690,499

The interest rate on short term bank deposits held by subsidiaries ranged from 1.5% – 6.28% (2008: 0.39% – 8.05%).

17. Other Assets

	2009 $'000	2008 $'000	2007 $'000
Outstanding premiums	**783,984**	947,326	690,648
Other	**371,960**	449,669	385,461
	1,155,944	1,396,995	1,076,109
Current	**250,968**	852,798	851,111
Non-current	**904,976**	544,197	224,998
	1,155,944	1,396,995	1,076,109

18. Assets And Liabilities Held For Sale

In accordance with the requirements with IFRS 5, the Group classifi ed its investment in the Eastern Caribbean Gas Pipeline Company Limited and the remaining arrangements relating to the disposed UK insurance operations as "assets held for sale" and "liabilities related to assets held for sale". Accordingly, the trading results, fair value adjustments and related assets and liabilities for these activities are disclosed separately on the consolidated statement of income and consolidated statement of fi nancial position.

	2009 $'000	2008 $'000
Assets held for sale		
Investment property	**62,373**	-
Financial assets	**460,524**	-
Reinsurance assets	**297,071**	-
Deferred acquisition costs	**77,155**	-
Cash and cash equivalents	**366,605**	-
Other assets	**55,511**	-
	1,319,239	-
Liabilities held for sale		
Short term insurance contracts	**1,322,055**	-
Other liabilities	**125,544**	-
	1,447,599	-

19. Segregated Funds Of Life Insurance Policyholders

(a) Assets of the segregated funds

The assets listed below are managed by the Jamaican life insurance subsidiary on behalf of certain life insurance policyholders in ten policy segregated funds. These are the Blue Chip Fund, Eagle Growth Fund, Mutual Growth Fund, Shelter Plus Fund, Horizon Equity Fund, in addition to the Guardian Equity Fund, The Guardian Money Market Fund, The Guardian Long Term Growth Fund, The Guardian Stabilisation Fund and The Guardian Foreign Currency Indexed Fund. The policyholders share all rewards and risks of the performance of the funds and the assets have been segregated for determining the policyholders' interest in the funds.

Unit values are determined by dividing the value of the assets in the funds on a valuation date by the number of units in the funds on the valuation date. The assets are carried at fair value and returns to investors are based on market valuations.

	2009 $'000	2008 $'000
Investments:		
Government of Jamaica securities	**245,169**	230,049
Equity securities	**59,976**	62,895
Securities purchased under resale agreements	**51,102**	53,137
Unit trust	**221**	239
Investment properties	**3,086**	-
	359,554	346,320
Other assets	**41,390**	40,265
	400,944	386,585
Current	**92,491**	123,666
Non-current	**308,453**	262,919
	400,944	386,585
The related segregated funds' liability is disclosed as follows:		
Current	**92,491**	123,666
Non-current	**308,453**	262,919
	400,944	386,585

19. Segregated Funds Of Life Insurance Policyholders (continued)

(b) Income / expense from segregated funds' investments

	2009 $'000	2008 $'000
Government of Jamaica securities	**50,795**	28,153
Equity securities	**8,023**	(33,031)
Securities purchased under resale agreements	**7,589**	8,509
	66,407	3,631

20. Share Capital

Authorised		
An unlimited number of ordinary shares of no par value		
An unlimited number of preferred shares of no par value		
Issued and fully paid		
202,204,673 ordinary shares of no par value (2008: 202,280,534 ordinary shares)	**1,545,659**	1,539,271

The holders of ordinary shares are entitled to one vote on a show of hands and one vote for each such share held by him on a ballot or poll at all meetings of shareholders of the company, to receive any dividends declared and payable by the company on the ordinary shares and to receive the remaining property of the company upon dissolution, liquidation or winding up in proportion of ordinary shares then held by each of them. This is subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the company.

20. Share Capital (continued)

	Number of Shares (thousands)	Share Capital $'000	Share Option Plan $'000	Total $'000
As at 1 January 2009	202,281	1,496,171	43,100	1,539,271
Repurchase of shares	(76)	(552)	-	(552)
Executive share option plan:				
- value of services provided	-	-	9,193	9,193
- lapses	-	-	(2,253)	(2,253)
As at 31 December 2009	202,205	1,495,619	50,040	1,545,659
As at 1 January 2008	201,700	1,483,758	36,396	1,520,154
Executive share option plan:				
- issue of shares	581	12,413	-	12,413
- value of services provided	-	-	14,276	14,276
- lapses	-	-	(7,572)	(7,572)
As at 31 December 2008	202,281	1,496,171	43,100	1,539,271

In February 2009, Guardian Holdings Limited launched a share repurchase programme in Trinidad and Tobago for a period of six months. During the time the share repurchase programme was in effect, a total of 75,861 shares were purchased at a cost of $1,528,604. This cost was allocated between share capital and retained earnings.

20. Share Capital (continued)

Executive Share Option Plan

The Group operates a Stock Option Plan for its Executives. A total of 17,031,252 shares have been allocated to this plan since inception inclusive of bonus issues and stock dividends. Increases were approved at the Annual Meeting in 1999 and in 2004.

The current status of options inclusive of bonus issues and stock dividends to date is as follows (in thousands):

	2009	2008
Total shares allocated to the plan	**17,031**	17,031
Issued pursuant to exercise of options	**(9,586)**	(9,586)
Outstanding options	**(6,504)**	(6,801)
Remaining shares allocated to plan in respect of which options have not been granted	**941**	644

The movement in the number of share options outstanding for the year is as follows:

	2009 Average Exercise Price	2009 Options (thousands)	2008 Average Exercise Price	2008 Options (thousands)
At beginning of year	**$26.97**	**6,801**	$25.87	6,951
Granted	-	-	$24.51	1,954
Exercised	-	-	$21.40	(580)
Lapsed	**$24.38**	**(297)**	$20.90	(1,524)
At end of year	**$27.10**	**6,504**	$26.97	6,801

The exercise price of the granted options is equal to the average market price of the shares on the three dealing days preceding the date of the grant. The vesting period is 2 years. Options are exercisable starting two years from the grant date up to the twelfth anniversary of the date of grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

20. Share Capital (continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry Date	Exercise Price	Number of Shares (thousands) 2009	2008
14 Sep 2015	$21.40	**243**	243
31 Mar 2016	$33.17	**780**	780
3 Apr 2017	$43.33	**709**	709
28 May 2018	$27.73	**1,430**	1,493
2 Apr 2019	$19.99	**1,578**	1,631
31 Mar 2020	$24.51	**1,764**	1,945
		6,504	6,801

There were no options granted during the year. The fair value of options granted during 2008 determined using the Binomial valuation model was $15,599,619.The signifi cant inputs into the model for 2008 were the exercise price of $24.51 as shown above, the option life of 12 years from date of grant, share price volatility of 41%, no expected dividends, annual risk-free interest rate of 8.71% and an employee exit rate of 10%. The risk-free interest rate is based on 10 year Government of Trinidad and Tobago TT$ debt. The share price volatility is based on statistical analysis of monthly share prices over the last fi ve years.

21. Reserves

	Property Revaluation Reserve $'000	Associated Company and Other Reserves $'000	Translation Reserves $'000	Available-for-sale fi nancial assets $'000	Total $'000
At 1 January 2009	81,061	2,744	(700,347)	(36,269)	(652,811)
Other comprehensive income	10,472	-	282,029	29,386	321,887
Transfer from retained earnings	-	1,115	-	-	1,115
Balance at 31 December 2009	91,533	3,859	(418,318)	(6,883)	(329,809)
At 1 January 2008 as previously reported	115,830	11,866	(190,136)	-	(62,440)
Prior period adjustments (Note 49)	-	-	-	139	139
Balance at 1 January 2008 - restated	115,830	11,866	(190,136)	139	(62,301)
Other comprehensive loss	(28,650)	(10,700)	(510,211)	(36,408)	(585,969)
Transfer (to) / from retained earnings	(6,119)	1,578	-	-	(4,541)
Balance at 31 December 2008	81,061	2,744	(700,347)	(36,269)	(652,811)

	2009 $'000	2008 $'000
Associated Company and Other Reserves		
Capitalisation of subsidiary's retained earnings	**5,600**	5,600
Surplus on acquisition of non-controlling interest	**(8,026)**	(8,030)
Property revaluation reserve	**2,813**	2,813
Statutory reserve	**3,472**	2,361
	3,859	2,744

The property revaluation reserve is used to record increases or decreases in the carrying amount of an item of property that has been revalued. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in equity under the heading of revaluation surplus. However, the increase is recognised in the consolidated income statement to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the consolidated income statement.

21. Reserves (continued)

The translation reserve is used to record exchange differences arising from group companies whose functional currency is different to the functional currency used in the consolidated fi nancial statements. Differences in retranslating opening net assets for investment in group companies using the exchange rate at year end compared to the exchange rate at the beginning of the year are recognised in other comprehensive income and taken to the translation reserve. The difference between a group company's profi t or loss for the year translated at the year end exchange rate and the profi t or loss for the year converted at the average rate for the year is recognised in other comprehensive income and taken to the translation reserve.

22. Non-Controlling Interests In Subsidiaries

This represents 46% shareholding in Trans-Nemwil Insurance (Grenada) Limited and 33% shareholding in Laevulose Inc Limited.

23. Insurance Contracts

	2009 $'000	2008 $'000	2007 $'000
Long term insurance contracts:			
With fi xed and guaranteed terms and without DPF (Note 23.1(a))	**4,874,154**	4,596,567	4,344,318
With fi xed and guaranteed terms and with DPF (Note 23.1 (b))	**67,047**	84,797	80,170
Without fi xed terms (Note 23.1(c))	**2,422,039**	2,190,021	2,003,343
	7,363,240	6,871,385	6,427,831
Participating policyholders' share of the surplus from long-term insurance business (Note 23.1(d))	**435,982**	440,789	446,976
	7,799,222	7,312,174	6,874,807
Short term insurance contracts:			
Claims reported and loss adjustment expenses (Note 23.1(e))	**1,040,147**	2,705,000	2,660,107
Claims incurred but not reported (Note 23.1(e))	**176,545**	248,746	186,635
Unearned premiums (Note 23.1(f))	**1,495,131**	1,866,762	2,255,073
	2,711,823	4,820,508	5,101,815
Total gross insurance liabilities	**10,511,045**	12,132,682	11,976,622
Current	**1,948,225**	3,476,451	3,133,451
Non-current	**8,562,820**	8,656,231	8,843,171
	10,511,045	12,132,682	11,976,622

23. Insurance Contracts (continued)

23.1 Movements in insurance liabilities and reinsurance assets

(a) Long term insurance contracts with fi xed and guaranteed terms and without DPF

	2009 $'000	2008 $'000	2007 $'000
At beginning of year	**4,596,567**	4,344,318	4,011,924
Valuation premiums received	**230,252**	207,147	266,505
Liabilities released for payments on death, surrender and other terminations in the year	**(203,441)**	(184,442)	(144,079)
Accretion of interest	**172,906**	159,120	119,574
Other movements	**132,772**	184,053	109,630
Difference on retranslation of opening balance	**(54,902)**	(114,429)	(19,236)
At end of year	**4,874,154**	4,596,567	4,344,318

(b) Long term insurance contracts with fi xed and guaranteed terms and with DPF

	2009 $'000	2008 $'000	2007 $'000
At beginning of year	**84,797**	80,170	85,393
Difference on retranslation of opening balance	**2,351**	(7,286)	(4,234)
Change in lapse rates	-	(263)	240
Change in interest rates	**(369)**	(1,454)	(1,438)
Change in expenses	**(433)**	(388)	19
Normal (decrease)/increase due to the passage of time	**(19,299)**	14,018	190
At end of year	**67,047**	84,797	80,170

23. Insurance Contracts (continued)

23.1 Movements in insurance liabilities and reinsurance assets (continued)

(c) Long term insurance contracts without fi xed terms

	2009 $'000	2008 $'000	2007 $'000
At beginning of year	**2,190,021**	2,003,343	1,720,247
Premiums received	**477,285**	452,402	391,285
Fees deducted from account balances	**(164,755)**	(149,014)	(121,865)
Liabilities released for payments on death, surrender and other terminations in the year	**(234,931)**	(217,370)	(172,016)
Changes in unit prices	**147,478**	43,782	175,362
Other movements	**6,588**	57,349	9,075
Difference on retranslation of opening balance	**353**	(471)	1,255
At end of year	**2,422,039**	2,190,021	2,003,343

(d) Participating policyholders' share of the surplus from long-term insurance business

	2009 $'000	2008 $'000	2007 $'000
At beginning of year	**440,789**	446,976	443,157
Surplus / (defi cit) arising from operations	**6,398**	(8,634)	3,217
Translation reserve	**(11,205)**	2,447	602
At end of year	**435,982**	440,789	446,976

23. Insurance Contracts (continued)

23.1 Movements in insurance liabilities and reinsurance assets (continued)

Short term insurance contracts:

(e) Claims and loss adjustment expenses/claims incurred but not reported

	2009			2008		
Year ended 31 December	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Notifi ed claims	2,705,000	(676,845)	2,028,155	2,607,234	(639,236)	1,967,998
Incurred but not reported	248,746	(95,800)	152,946	186,635	(21,134)	165,501
Total at beginning of year	2,953,746	(772,645)	2,181,101	2,793,869	(660,370)	2,133,499
Cash paid for claims settled in the year	(2,087,495)	821,444	(1,266,051)	(1,959,158)	129,028	(1,830,130)
Increase in liabilities	2,214,269	(746,815)	1,467,454	2,532,290	(339,603)	2,192,687
Difference on retranslation of opening balance	217,758	(121,993)	95,765	(413,255)	98,300	(314,955)
Disposal of subsidiary	(2,081,586)	664,961	(1,416,625)	-	-	-
Total at end of year	1,216,692	(155,048)	1,061,644	2,953,746	(772,645)	2,181,101
Notifi ed claims	1,040,147	(144,663)	895,484	2,705,000	(676,845)	2,028,155
Incurred but not reported	176,545	(10,385)	166,160	248,746	(95,800)	152,946
	1,216,692	(155,048)	1,061,644	2,953,746	(772,645)	2,181,101
(f) Provisions for unearned premiums						
Total at beginning of year	1,866,762	(219,805)	1,646,957	2,255,073	(247,781)	2,007,292
Increase in the period	2,166,010	120,775	2,286,785	1,777,300	(178,060)	1,599,240
Release in the period	(1,925,981)	(153,739)	(2,079,720)	(1,862,824)	165,876	(1,696,948)
Difference on retranslation of opening balance	76,510	24,650	101,160	(302,787)	40,160	(262,627)
Disposal of subsidiary	(688,170)	26,114	(662,056)	-	-	-
Total at end of year	1,495,131	(202,005)	1,293,126	1,866,762	(219,805)	1,646,957

23. Insurance Contracts (continued)

23.2 Development claim tables - short term insurance contracts

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. An accident year basis is considered to be the most appropriate for the business written by the Group. However, due to the unavailability of the Lloyd's syndicates' claims by accident year, these claims are reported separately by underwriting year of account. This presentation is different from the basis used for the claims development tables for the other insurance claims of the Group, where the reference is to the actual date of the event that caused the claim (accident year basis).

The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year / underwriting year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing on the consolidated statement of fi nancial position as per summary below.

	Total $'000
Insurance claims - gross	
- By accident year	610,382
- By underwriting year	606,310
Total liability (Note 23.1(e))	1,216,692
Insurance claims - net	
- By accident year	514,589
- By underwriting year	547,055
Total liability (Note 23.1(e))	1,061,644

23. Insurance Contracts (continued)

23.2 Development claim tables - short term insurance contracts (continued)

Insurance claims - gross Accident year	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	Total $'000
Estimate of ultimate claims costs:						
- at end of accident year	488,492	419,846	504,627	530,633	619,548	2,563,146
- one year later	396,213	405,299	487,919	624,166	-	-
- two years later	412,675	406,166	655,551	-	-	-
- three years later	412,998	530,157	-	-	-	-
- four years later	526,142	-	-	-	-	-
Current estimate of cumulative claims	526,142	530,157	655,551	624,166	619,548	2,955,564
Cumulative payments to date	(492,171)	(484,820)	(559,288)	(568,108)	(367,128)	(2,471,515)
Liability recognised in the consolidated statement of fi nancial position	33,971	45,337	96,263	56,058	252,420	484,049
Liability in respect of prior years						126,333
Total liability						610,382

Underwriting year						
Estimate of ultimate claims costs:						
- at end of underwriting year	226,337	257,602	273,503	280,360	247,417	1,285,219
- one year later	327,163	338,445	434,326	385,598	-	-
- two years later	290,367	356,441	428,580	-	-	-
- three years later	323,057	379,188	-	-	-	-
- four years later	343,836	-	-	-	-	-
Current estimate of cumulative claims	343,836	379,188	428,580	385,598	247,417	1,784,619
Cumulative payments to date	(287,175)	(275,144)	(392,526)	(220,365)	(43,389)	(1,218,599)
Liability recognised in the consolidated statement of fi nancial position	56,661	104,044	36,054	165,233	204,028	566,020
Liability in respect of prior years						40,290
Total liability						606,310

23. Insurance Contracts (continued)

23.2 Development claim tables - short term insurance contracts (continued)

Insurance claims - net Accident year	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	Total $'000
Estimate of ultimate claims costs:						
- at end of accident year	315,130	335,038	368,003	415,040	553,187	1,986,398
- one year later	262,012	328,500	370,803	480,868	-	-
- two years later	272,068	330,872	505,635	-	-	-
- three years later	274,038	422,232	-	-	-	-
- four years later	384,510	-	-	-	-	-
Current estimate of cumulative claims	384,510	422,232	505,635	480,868	553,187	2,346,432
Cumulative payments to date	(363,511)	(376,854)	(426,663)	(438,637)	(322,909)	(1,928,574)
Liability recognised in the consolidated statement of fi nancial position	20,999	45,378	78,972	42,231	230,278	417,858
Liability in respect of prior years						96,731
Total liability						514,589

Underwriting year						
Estimate of ultimate claims costs:						
- at end of underwriting year	214,352	255,519	264,779	278,950	232,717	1,246,317
- one year later	313,307	338,414	417,967	385,658	-	-
- two years later	290,336	343,671	429,052	-	-	-
- three years later	317,997	350,004	-	-	-	-
- four years later	327,839	-	-	-	-	-
Current estimate of cumulative claims	327,839	350,004	429,052	385,658	232,717	1,725,270
Cumulative payments to date	(268,706)	(292,324)	(396,567)	(220,364)	(38,176)	(1,216,137)
Liability recognised in the consolidated statement of fi nancial position	59,133	57,680	32,485	165,294	194,541	509,133
Liability in respect of prior years						37,922
Total liability						547,055

24. Financial Liabilities

	2009		2008		2007	
	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000	Carrying Value $'000	Fair Value $'000
Non-current portion of financial liabilities						
Investment contract liabilities (Note 24.1)	**1,346,720**	**1,346,720**	1,223,817	1,223,817	1,171,235	1,171,235
Medium-term borrowings (Note 24.2)	**1,859,343**	**1,872,355**	1,953,467	1,895,066	1,752,808	1,811,726
Derivative financial instruments	**-**	**-**	-	-	213	213
	3,206,063	**3,219,075**	3,177,284	3,118,883	2,924,256	2,983,174
Current portion of financial liabilities						
Medium-term borrowings	**112,206**	**112,206**	50,000	50,000	153,592	153,592
Short-term borrowings	**265,287**	**265,287**	224,979	224,979	698,441	698,441
	377,493	**377,493**	274,979	274,979	852,033	852,033
Repurchase agreements	**1,220,152**	**1,220,152**	1,344,190	1,344,190	1,204,444	1,204,444
Bank overdraft (Note 16)	**436**	**436**	74	74	472	472
Interest payable	**40,580**	**40,580**	33,108	33,108	35,687	35,687
	1,638,661	**1,638,661**	1,652,351	1,652,351	2,092,636	2,092,636
Total	**4,844,724**	**4,857,736**	4,829,635	4,771,234	5,016,892	5,075,810

The repurchase agreements above represent the normal activities of our asset management operations. All the repurchase agreements are backed by appropriate interest bearing securities of varying durations.

For the aggregate fair value of borrowings, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity. The discount rate used in the valuation technique is based on the borrowing rate of 9.0% (2008: 9.0%). For short term debt, the carrying amounts approximate their fair value.

The Group has not had any defaults of principal, interest or other breaches with respect to their borrowings during the period (2008 - Nil).

24. Financial Liabilities (continued)

24.1 Investment contract liabilities

	2009 $'000	2008 $'000	2007 $'000
The movements in the liabilities arising from investment contracts are summarised below:			
At beginning of year	**1,223,817**	1,171,235	1,114,064
Difference on retranslation of opening balance	**(69,127)**	(89,188)	(33,801)
Premiums received	**274,060**	151,593	100,583
Fees deducted from account balances	**(14,002)**	(24,994)	(23,749)
Account balances paid on surrender and other terminations in the year	**(177,822)**	(81,571)	(88,008)
Interest credited through income	**106,298**	93,184	103,936
Other movements	**3,496**	3,558	(1,790)
At end of year	**1,346,720**	1,223,817	1,171,235

Investment contract liabilities are valued at fl oating rates of interest therefore the carrying amounts approximate their fair values.

24.2 Borrowings

	2009 $'000	2008 $'000	2007 $'000
Parent company	**1,448,942**	1,494,989	1,911,660
Subsidiaries	**787,894**	733,457	693,181
	2,236,836	2,228,446	2,604,841
Current	**(377,493)**	(274,979)	852,033
Non-current	**1,859,343**	1,953,467	1,752,808
	2,236,836	2,228,446	2,604,841

Details of total current and non-current bank loans are as follows:

24. Financial Liabilities (Continued)

24.2 Borrowings (continued)

Parent Company

Loan 1 - $600 million
This is a fixed rate 10-year bond ending in December 2014 and is split into two tranches. Interest is charged at 6.625% per annum on tranche 1 of $350 million and is paid semi-annually with the principal to be repaid at maturity. Interest is charged at 6.42% per annum on tranche 2 of $250 million and is paid semi-annually. There was a moratorium on the principal of this tranche for the fi rst three years followed by equal semi-annual payments over the remaining term of the bond. The loan is secured by a debenture creating a charge over the fi xed and fl oating assets of Guardian Holdings Limited.

Loan 2 - $221.7 million
Interest is charged at 3-month LIBOR x 2 plus 0.75% and is payable quarterly. The principal is to be repaid at maturity in April 2011. The loan is secured by equity investments.

Loan 3 - $316.6 million
Interest is charged at LIBOR plus 3.5% and is payable semi-annually. The principal is to be repaid on a semi-annual basis commencing December 2012 and matures on December 2015. The loan is unsecured.

Loan 4 - $10.7 million
Interest is charged at a fi xed rate of 8% and both interest and principal is payable on maturity in February 2010. The loan is unsecured.

Loan 5 - $300 million
This is a fixed rate 8-year bond ending in April 2016. Interest is charged at 9.40% and is payable semi-annually. The principal is to be repaid at maturity. The loan is unsecured.

Subsidiaries

Loan 1 - $471 million
Interest is charged at 8.25% per annum. The loan will be repaid in equal amortised payments of principal and interest over a twelve year period commencing August 2010 and ending August 2022. The loan is secured by a mortgage over land and buildings being constructed.

Loan 2 - $52.9 million
Interest is charged at 8.5% and is payable semi-annually. The loan is a 36 month callable loan and the principal is to be repaid at maturity. The loan is secured by a mortgage over the land and buildings being constructed.

24. Financial Liabilities (Continued)

24.2 Borrowings (continued)

Subsidiaries (continued)

Loan 3 - $107.1 million
This comprises of various loans for which interest is charged at 4.25% and 8.5% per annum and is payable on maturity. Principal on all loans are to be repaid at maturity during 2010 and are secured by a charge on investments.

Loan 4 - $157 million
This comprises of various loans for which interest is charged at 6.25% to 7.25% per annum. Principal and interest on all loans are to be paid upon maturity during 2010. These loans are unsecured.

25. Post Retirement Medical Benefit Obligations

The amounts recognised in the consolidated statement of fi nancial position for the Netherland Antilles and Aruba insurance companies are as follows:

	2009 $'000	2008 $'000	2007 $'000
Present value of obligations	**69,498**	48,458	40,277
The amount in the consolidated income statement is made up as follows:			
Interest cost	**2,851**	2,612	2,085
Current service cost	**3,805**	3,591	1,885
Actuarial losses /(gains)	**14,993**	3,841	5,840
Adjustment in value of recognisable assets	**(1,067)**	(1,662)	(1,656)
Expense/(income) for the year (Note 34)	**20,582**	8,382	8,154

25. Post Retirement Medical Benefit Obligations (continued)

	2009 $'000	2008 $'000	2007 $'000
The movement in the liability is as follows:			
Balance at beginning of year	**48,458**	40,277	32,007
Difference on retranslation of opening balance	**458**	(201)	116
Expense as per above	**20,582**	8,382	8,154
Balance at end of year	**69,498**	48,458	40,277

The principal actuarial assumptions used were as follows:	2009	2008	2007
Discount rate	**5.5%**	6.5%	7.0%
Healthcare cost escalation	**6.5%**	5.0%	5.0%
Retiree premium escalation:			
Existing retirees	**0.0%**	0.0%	0.0%
Future retirees	**0.0%**	0.0%	0.0%
Pre-retirement mortality	**GBM/GBV9095**	Standard US mortality - GAM 83	Standard US mortality - GAM 83
Post retirement mortality	**Ignored**	Ignored	Ignored

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	-	650
Effect on the defi ned benefi t obligation	-	4,151

Expected contributions to post-employment benefit plans for the year ending 31 December 2010 are $1,136,000.

As at 31 December	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of defi ned benefi t obligation	**69,498**	48,458	40,277	32,007	60,091
Experience adjustments on plan liabilities	**4,210**	2,111	293	475	5,194

26. Other Liabilities

	2009 $'000	2008 $'000	2007 $'000
Outstanding claims	**140,744**	128,328	119,718
Deposits and premiums received in advance	**86,089**	66,866	81,474
Amount due to reinsurers	**132,665**	112,513	193,054
Sundry payables	**501,110**	452,026	604,980
	860,608	759,733	999,226

27. Net Insurance Premium Income

	2009 $'000	2008 $'000
Long-term insurance contracts with fixed and guaranteed terms	**1,376,493**	1,386,614
Short-term insurance contracts:		
- premium receivables	**2,871,345**	2,555,744
- change in unearned premium provision	**(219,888)**	84,021
Premium income arising from insurance contracts issued	**4,027,950**	4,026,379
Short-term reinsurance contracts:		
- premium receivables	**(724,971)**	(700,587)
- change in unearned premium provision	**50,820**	7,552
Long-term reinsurance contracts	**(50,091)**	(55,829)
Premium income ceded to reinsurers	**(724,242)**	(748,864)
Net insurance premium income	**3,303,708**	3,277,515

28. Investment Income

	2009 $'000	2008 $'000
Fair value through profit or loss assets - interest income	**334,963**	345,350
Fair value through profit or loss assets - dividend income	**45,521**	70,472
Available-for-sale assets - interest income	**62,099**	46,977
Available-for-sale assets - dividend income	**1,303**	1,055
Held-to-maturity assets - interest income	**300,904**	243,824
Loans and receivables - interest income	**78,765**	73,887
Cash and cash equivalents - interest income	**116,288**	95,140
	939,843	876,705

There is no interest income on impaired fi nancial assets (2008: Nil).

29. Net Realised Gains/(Losses) On Financial And Other Assets

Equity securities	**(10,651)**	(48,385)
Debt securities	**21,833**	4,189
Investment properties	**(1,750)**	-
Impairment of fi nancial assets	**4,412**	8,413
	13,844	(35,783)

30. Net Fair Value Gains/(Losses) On Financial And Other Assets

Net fair value losses on fi nancial assets at fair value through profi t or loss (Note 9)	**63,826**	(440,630)
Fair value gains on investment properties (Note 6)	**(6,764)**	52,481
	57,062	(388,149)

31. Fee Income

Policy administration and asset management services:		
- Insurance contracts	**3,097**	4,051
- Investment contracts without a discretionary participation feature	**23,155**	23,970
Surrender charges – insurance contracts	**4,043**	2,855
	30,295	30,876

32. Other Operating Income

	2009 $'000	2008 $'000
Rental income	**30,467**	30,115
Foreign exchange gains	**47,465**	70,433
Net loss for the year on pension plan assets (Note 11)	**(9,519)**	(6,018)
Other income	**38,798**	36,398
	107,211	130,928

33. Net Insurance Benefits And Claims

Insurance benefits - gross	**1,302,595**	1,263,157
Insurance benefits - recovered from reinsurers	**(18,182)**	(25,115)
Insurance claims and loss adjustment expenses - gross	**1,207,999**	1,214,506
Insurance claims and loss adjustment expenses - recovered from reinsurers	**(100,176)**	(140,155)
	2,392,236	2,312,393

	2009		
Insurance benefi ts	Gross $'000	Reinsurance $'000	Net $'000
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
- death, maturity and surrender benefits	367,436	(7,789)	359,647
- increase in liabilities	351,433	77	351,510
Long-term insurance contracts without fixed terms:			
- death, maturity and surrender benefits	275,854	(8,580)	267,274
- change in unit prices	279,845	-	279,845
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
- death, maturity and surrender benefits	20,853	-	20,853
- increase in liabilities	(7,156)	-	(7,156)
Short term insurance contracts - life	14,330	(1,890)	12,440
Total cost of policyholder benefi ts	1,302,595	(18,182)	1,284,413

33. Net Insurance Benefits And Claims (continued)

	2008		
	Gross	Reinsurance	Net
Insurance benefi ts	**$'000**	**$'000**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
- death, maturity and surrender benefits	327,987	(15,504)	312,483
- increase in liabilities	429,512	(359)	429,153
Long-term insurance contracts without fixed terms:			
- death, maturity and surrender benefits	246,867	(8,254)	238,613
- change in unit prices	220,246	-	220,246
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
- death, maturity and surrender benefits	22,283	(204)	22,079
- increase in liabilities	2,321	-	2,321
Short term insurance contracts - life	13,941	(794)	13,147
Total cost of policyholder benefi ts	1,263,157	(25,115)	1,238,042

	2009		
	Gross	Reinsurance	Net
Insurance claims and loss adjustment expenses	**$'000**	**$'000**	**$'000**
Current year claims and loss adjustment expenses	1,196,115	(103,009)	1,093,106
Additional cost for prior year claims and loss adjustment expenses	8,454	2,833	11,287
Increase in the expected cost of claims for unexpired risks	3,430	-	3,430
Total claims and loss adjustment expenses	1,207,999	(100,176)	1,107,823

	2008		
	Gross	Reinsurance	Net
Insurance claims and loss adjustment expenses	**$'000**	**$'000**	**$'000**
Current year claims and loss adjustment expenses	1,203,071	(145,411)	1,057,660
Additional cost for prior year claims and loss adjustment expenses	10,677	5,256	15,933
Increase in the expected cost of claims for unexpired risks	758	-	758
Total claims and loss adjustment expenses	1,214,506	(140,155)	1,074,351

34. Expenses

	2009 $'000	2008 $'000
Investment contract benefi ts	**110,043**	97,103
Commissions	**778,390**	801,216
Other expenses for the acquisition of insurance and investment contracts	**26,135**	30,399
Staff cost	**365,089**	356,190
Depreciation and amortisation	**53,499**	53,683
Auditors' remuneration	**6,557**	8,737
Directors' fees	**5,528**	4,965
Other expenses	**273,613**	340,718
	1,618,854	1,693,011
Staff cost includes:		
Wages, salaries and bonuses	**258,629**	255,368
Health and medical	**12,215**	12,391
Staff Training	**3,953**	5,297
National Insurance	**23,577**	21,899
Share option scheme – value of services provided	**8,091**	12,018
Pension costs	**4,557**	7,281
Post retirement medical benefi t obligations (Note 25)	**20,582**	8,382
Termination benefi ts	**8,127**	8,039
Other	**25,358**	25,515
	365,089	356,190

The average number of employees in 2009: 2,376 (2008: 2,411)

35. Finance Charges

Financial institutions borrowings	**110,286**	134,804

36. Taxation

	2009 $'000	2008 $'000
Current tax	118,883	22,431
Business levy/green fund levy	1,761	2,860
Prior year taxation adjustment	(5,591)	17,935
Deferred tax (Note 13)	1,623	(24,399)
	116,676	18,827
The tax on the profi t before taxation differs from the theoretical amount that would arise using the basic tax rate of the parent as follows:		
Profi t/(loss) before taxation	493,910	(39,671)
Prima facie tax calculated at domestic corporation tax rate of 25%	123,478	(9,918)
Effect of different tax rate of life insurance companies	(75,858)	(73,130)
Effect of different tax rate in other countries	7,886	(4,022)
Income not subject to tax	(218,947)	(94,983)
Expenses not deductible for tax purposes	311,387	287,830
Net adjustment to recognised and unrecognised tax losses	1,244	(5,563)
Tax reliefs and deductions	(5,180)	(39,142)
Business levy/green fund levy	1,761	2,860
Prior year taxation adjustment	(4,881)	17,312
Tax on dividend	2,683	(1,175)
Other	(26,897)	(61,242)
Tax charge for the period	116,676	18,827

There are tax losses relating to overseas subsidiaries that are available for set off against future chargeable profits of $18,714,000 (2008 - $18,235,000).

These tax losses expire over varying periods of up to nine years. For these balances, no deferred tax asset has been recognised for tax losses carried forward due to the uncertain timing of their recovery. Some of these losses have not yet been agreed with the respective tax regulators.

37. Net Loss On Discontinued Operations

The Group disposed of its investment in Zenith Insurance Plc and the associated insurance administration businesses comprising GHL Insurance Services Limited and Link Underwriting Agencies Limited on 31 December 2009. In closing, certain minimal capital requirements were stipulated by the Regulators as a condition of approval.

The Group's reinsurance subsidiary Guardian Re (SAC) Limited provided proportional reinsurance cover to Zenith Insurance Plc that ceased at the date of sale. The residual reinsurance obligations comprising provisions for outstanding claims including IBNR's as of the date of sale remain insurance liabilities of the Group, but are not considered part of the continuing operations and accordingly are shown as discontinued operations. Assets and liabilities related to the discontinued operations are disclosed in the consolidated statement of fi nancial position as assets and liabilities held for sale (Note 18).

Details are disclosed below.	2009 $'000	2008 $'000
Sales proceeds	-	-
Retained earnings and reserves at 31 December 2008	(145,951)	-
Additional capital injection	(108,891)	-
	(254,842)	-
Net loss for the year:		
Revenue	837,826	1,617,042
Expenses	(995,681)	(1,716,810)
Tax	(1,475)	(1,617)
Loss for the year ended 31 December 2009	(159,330)	(101,385)
Impairment of goodwill	(391,890)	(256,568)
Cumulative foreign exchange losses	(110,783)	64,303
Provision for VAT liability and other disposal costs	(29,699)	-
Total loss on disposal	(946,544)	(293,650)
Other discontinued operations:		
Discontinued UK business	(221,497)	-
Other discontinued subsidiaries	(23,822)	56,371
	(245,319)	56,371
Total loss on discontinued operations	(1,191,863)	(237,279)

The consolidated income statement for 2008 has been restated to bring the results of the discontinued operations into one line as "Net loss on discontinued operations". Details of this restatement are disclosed in Note 49.

38. Net Gain On Sale Of Equity Investments

	2009 $'000	2008 $'000
Grupo Mundial Tenedora S.A	-	308,419
RBTT Financial Holdings Limited	-	232,258
Royal Bank of Canada	-	(28,423)
Tobago Plantations Limited	-	15,000
	-	527,254

39. Earnings Per Share

Basic earnings per share amounts are calculated by dividing the net profi t for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding at the consolidated statement of fi nancial position date.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding during the year is adjusted for the weighted number of share options granted to the Executives.

	2009 $'000	2008 $'000
Net (loss) / profi t attributable to ordinary shareholders	**(844,707)**	235,810
Net profi t/(loss) attributable to ordinary shareholders from continuing operations	**347,156**	(54,165)
Net (loss)/profi t attributable to ordinary shareholders from discontinued operations	**(1,191,863)**	289,975

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue (thousands)	**202,222**	202,018
Effect of dilution:		
Share options	**6,712**	6,841
Weighted average number of ordinary shares adjusted for the effect of dilution	**208,934**	208,859

39. Earnings Per Share (continued)

	2009	2008
Basic (loss)/earnings per ordinary share	($4.18)	$1.17
Diluted (loss)/earnings per ordinary share	($4.04)	$1.13
Basic earnings/(loss) per ordinary share from continuing operations	$1.72	($0.27)
Diluted earnings/(loss) per ordinary share from continuing operations	$1.66	($0.26)
Basic (loss)/earnings per ordinary share from discontinued operations	($5.90)	$1.44
Diluted (loss)/earnings per ordinary share from discontinued operations	($5.70)	$1.39

40. Dividends

	2009 $'000	2008 $'000
Final dividend for 2008 - 37¢ per share (2007 - 25¢ per share)	**74,844**	50,425
Interim dividend for 2009 - 11¢ per share (2008 - 15¢ per share)	**22,242**	30,326
Special dividend for 2008 - 25¢ per share	**-**	50,542
	97,086	131,293

On 26 March 2010, the Board of Directors declared a fi nal dividend of 33 cents per share (2008 - 37 cents). These financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2010.

41. Adjustment For Non-Cash Items In Operating Profit

	2009 $'000	2008 $'000
Share of profit from associated companies	**(15,573)**	(28,061)
Increase in the value to shareholders of inforce long-term business	**(35,121)**	(70,313)
Net fair value (gains) / losses on financial and other assets	**(57,062)**	388,149
Net loss on discontinued operations	**1,191,863**	237,279
Net gain on sale of equity investments (Note 38)	-	(527,254)
Net realised (gains) / losses on financial and other assets	**(13,844)**	35,783
Impairment of financial assets	**9,966**	-
Net loss for the year on pension plan assets (Note 11)	**9,519**	6,018
Depreciation and amortisation	**53,499**	53,683
Gain on disposal of property, plant & equipment	**(6,366)**	(305)
Foreign exchange (losses) / gains	**46,063**	(70,433)
Share option scheme – value of services provided	**9,193**	14,276
Other non-cash expense	**49,289**	175,705
	1,241,426	214,527

42. Fair Values Of Financial Instruments

The classification of financial instruments at fair value can be determined by reference to the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1
Included in the Level 1 category are financial assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

42. Fair Values Of Financial Instruments (continued)

Level 3

Included in the Level 3 category are financial assets and liabilities that are not quoted as there are no active markets to determine a price. These financial instruments are held at cost, being the fair value of the consideration paid for the acquisition of the investment, and are regularly assessed for impairment. The main asset class in this category is unlisted equity instruments.

The following table shows an analysis of financial instruments recorded at fair value by level of fair value hierarchy:

31 December 2009	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Financial assets at fair value through profit or loss				
Equity securities	1,021,452	-	50,301	1,071,753
Debt securities	2,052,676	2,487,830	184,104	4,724,610
Deposits with financial institutions (more than 90 days)	411,594	-	85,829	497,423
Other financial assets	21,093	77	13,885	35,055
	3,506,815	2,487,907	334,119	6,328,841
Available-for-sale financial assets				
Equity securities	133,810	-	-	133,810
Debt securities	381,766	267,095	84,684	733,545
Deposits with financial institutions (more than 90 days)	125,020	-	18,998	144,018
	640,596	267,095	103,682	1,011,373

42. Fair Values Of Financial Instruments (continued)

Reconciliation of movements in level 3 fi nancial instruments measured at fair value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 fi nancial assets and liabilities which are recorded at fair value.

	At 1 January 2009 $'000	Exchange rate adjustment $'000	Total gain/(loss) in income statement $'000	Purchases $'000	Sales $'000	At 31 December 2009 $'000	Total gains or losses for the period included in income statement for assets held at 31 Dec 2009 $'000
Financial assets at fair value through profi t or loss							
Equity securities	83,077	55	(34,976)	2,349	(204)	50,301	(36,072)
Debt securities	221,922	11,407	20,289	45,005	(114,519)	184,104	22,357
Deposits with fi nancial institutions	82,910	123	91	2,705	-	85,829	91
Other fi nancial assets	9,305	139	4,441	-	-	13,885	4,441
	397,214	11,724	(10,155)	50,059	(114,723)	334,119	(9,183)
Available-for-sale financial assets							
Equity securities	4,715	-	(4,715)	-	-	-	-
Debt securities	69,831	-	-	-	14,853	84,684	-
Deposits with fi nancial institutions	34,355	-	-	-	(15,357)	18,998	-
	108,901	-	(4,715)	-	(504)	103,682	-

42. Fair Values Of Financial Instruments (continued)

Gains or losses (realised and unrealised) for the period are presented in the consolidated income statement as follows:

	2009		
	Realised gains $'000	Fair value gains and losses $'000	Total $'000
Total gains or losses included in the consolidated income statement for the period	13,844	57,062	70,906
Total gains or losses included in the consolidated income statement for the period for assets held at the end of the year	-	(9,183)	(9,183)

The Group does not regard that any reasonable change in the valuation assumptions of Level 3 fi nancial instruments will have any signifi cant impact on the fi nancial statements.

43. Segment Information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments:

i) Life, health and pension insurance

ii) Property and casualty insurance

iii) Asset management

Transfer prices between operating segments are set on an arm's length basis in a manner similar with third parties. Segment income, expenses and results will include those transfers between business segments which will then be eliminated on consolidation.

43. Segment Information (continued)

The segment results for the year ended 31 December 2009 are as follows:

	Life, health and pension business $'000	Property and casualty business $'000	Asset Management $'000	Other $'000	Inter-group eliminations $'000	Group $'000
Year Ended 31 December 2009						
Gross insurance premium income	1,960,886	2,173,041	-	-	(105,977)	4,027,950
Insurance premium ceded to reinsurers	(84,058)	(746,161)	-	-	105,977	(724,242)
Net premium income	1,876,828	1,426,880	-	-	-	3,303,708
Investment income	732,232	114,139	115,188	312,049	(333,765)	939,843
Net realised gains / (losses) on financial and other assets	563	14,966	(1,951)	266	-	13,844
Net fair value (losses) / gains on financial and other assets	22,793	11,015	20,516	(1,125)	3,863	57,062
Other income	154,845	141,444	43,672	7,114	(61,819)	285,256
Segment revenue	2,787,261	1,708,444	177,425	318,304	(391,721)	4,599,713
Gross benefits and claims from insurance contracts	1,724,928	785,666	-	-	-	2,510,594
Insurance benefits and claims recovered from reinsurers	(30,961)	(87,397)	-	-	-	(118,358)
Investment contract benefits	110,043	-	-	-	-	110,043
Depreciation and amortisation	38,728	5,220	3,203	4,698	1,650	53,499
Other expenses	654,956	721,936	59,623	105,698	(86,901)	1,455,312
Segment benefits, claims and expenses	2,497,694	1,425,425	62,826	110,396	(85,251)	4,011,090
Segment operating profit / (loss)	289,567	283,019	114,599	207,908	(306,470)	588,623
Share of profit of associated companies	(13,595)	19,723	-	9,445	-	15,573
Finance charges	(413)	5,866	(6,322)	(112,269)	2,852	(110,286)
Segment profit / (loss) before taxation	275,559	308,608	108,277	105,084	(303,618)	493,910
Taxation	(43,138)	(44,673)	(14,535)	(14,330)	-	(116,676)
Segment profit / (loss) after taxation	232,421	263,935	93,742	90,754	(303,618)	377,234

Other segment items included in the consolidated income statement are as follows:

Year Ended 31 December 2009						
Impairment of financial assets	-	-	(7,420)	-	-	(7,420)

43. Segment Information (continued)

The segment results for the year ended 31 December 2008 are as follows:

	Life, health and pension business $'000	Property and casualty business $'000	Asset Management $'000	Other $'000	Inter-group eliminations $'000	Group $'000
Year Ended 31 December 2008						
Gross insurance premium income	1,899,143	2,138,822	-	-	(11,586)	4,026,379
Insurance premium ceded to reinsurers	(85,631)	(674,819)	-	-	11,586	(748,864)
Net premium income	1,813,512	1,464,003	-	-	-	3,277,515
Investment income	652,762	141,476	85,892	498,160	(501,585)	876,705
Net realised gains / (losses) on fi nancial and other assets	3,194	(1,676)	(37,301)	-	-	(35,783)
Net fair value (losses) / gains on fi nancial and other assets	(302,034)	(12,712)	(115,256)	(4,453)	46,306	(388,149)
Other income	180,641	171,097	43,869	(3,989)	(49,430)	342,188
Segment revenue	2,348,075	1,762,188	(22,796)	489,718	(504,709)	4,072,476
Gross benefi ts and claims from insurance contracts	1,624,274	853,427	-	(38)	-	2,477,663
Insurance benefi ts and claims recovered from reinsurers	(48,214)	(117,056)	-	-	-	(165,270)
Investment contract benefi ts	99,995	-	-	-	(2,892)	97,103
Depreciation and amortisation	41,318	3,969	1,993	3,654	2,749	53,683
Other expenses	662,023	779,999	52,365	96,471	(48,633)	1,542,225
Segment benefi ts, claims and expenses	2,379,396	1,520,339	54,358	100,087	(48,776)	4,005,404
Segment operating profi t / (loss)	(31,321)	241,849	(77,154)	389,631	(455,933)	67,072
Share of profi t of associated companies	598	21,911	-	5,552	-	28,061
Finance charges	(92)	6,107	(3,933)	(130,752)	(6,134)	(134,804)
Segment profi t / (loss) before taxation	(30,815)	269,867	(81,087)	264,431	(462,067)	(39,671)
Taxation	(42,806)	7,667	34,062	(17,697)	(53)	(18,827)
Segment profi t / (loss) after taxation	(73,621)	277,534	(47,025)	246,734	(462,120)	(58,498)

43. Segment Information (continued)

The segment assets and liabilities and capital expenditure are as follows:

	Life, health and pension business $'000	Property and casualty business $'000	Asset Management $'000	Other $'000	Inter-group eliminations $'000	Group $'000
Year Ended 31 December 2009						
Assets						
Intangible assets	6,400	-	13,905	-	249,927	270,232
Investment in associated companies	31,873	114,396	-	127,805	-	274,074
Financial assets	7,539,718	1,621,036	1,622,441	107,882	(149,081)	10,741,996
Loans and receivables including insurance receivables	914,645	99,160	43,193	147,724	(7,894)	1,196,828
Reinsurance assets	52,754	355,384	-	-	-	408,138
Value to shareholders of inforce long-term business	583,705	-	-	-	-	583,705
Deferred acquisition costs	788	465,752	-	-	-	466,540
Other assets	3,132,637	3,090,179	209,431	950,250	(1,075,481)	6,307,016
	12,262,520	5,745,907	1,888,970	1,333,661	(982,529)	20,248,529
Segregated funds						
Financial assets of Mutual Fund unit holders	-	-	1,035,451	-	(73,006)	962,445
Cash and cash equivalents of Mutual Fund unit holders	-	-	130,308	-	-	130,308
Segregated fund assets of life insurance policyholders	400,944	-	-	-	-	400,944
	400,944	-	1,165,759	-	(73,006)	1,493,697
Total assets	12,663,464	5,745,907	3,054,729	1,333,661	(1,055,535)	21,742,226
Liabilities						
Insurance liabilities	8,036,551	2,483,046	-	-	(8,552)	10,511,045
Other liabilities	2,074,654	362,678	2,023,657	3,035,462	21,480	7,517,931
	10,111,205	2,845,724	2,023,657	3,035,462	12,928	18,028,976
Segregated fund liabilities of life insurance policyholders	400,944	-	-	-	-	400,944
Total liabilities	10,512,149	2,845,724	2,023,657	3,035,462	12,928	18,429,920
Property, plant and equipment additions	16,783	27,957	319	27,016	-	72,075

43. Segment Information (continued)

	Life, health and pension business $'000	Property and casualty business $'000	Asset Management $'000	Other $'000	Inter-group eliminations $'000	Group $'000
Year Ended 31 December 2008						
Assets						
Intangible assets	11,750	365,231	11,836	-	255,249	644,066
Investment in associated companies	45,381	97,214	-	-	129,351	271,946
Financial assets	6,636,132	2,604,780	1,593,233	9,296	(28,678)	10,814,763
Loans and receivables including insurance receivables	944,288	167,377	11,096	83,760	5,044	1,211,565
Reinsurance assets	51,511	2,134,519	-	-	(1,143,692)	1,042,338
Value to shareholders of inforce long-term business	570,243	-	-	-	-	570,243
Deferred acquisition costs	643	593,650	-	-	(72,384)	521,909
Other assets	3,280,397	2,409,221	188,471	5,056,834	(4,898,261)	6,036,662
	11,540,345	8,371,992	1,804,636	5,149,890	(5,753,371)	21,113,492
Segregated funds						
Financial assets of Mutual Fund unit holders	-	-	579,771	-	(64,145)	515,626
Cash and cash equivalents of Mutual Fund unit holders	-	-	43,215	-	43,215	
Segregated fund assets of life insurance policyholders	386,585	-	-	-	-	386,585
	386,585	-	622,986	-	(64,145)	945,426
Total assets	11,926,930	8,371,992	2,427,622	5,149,890	(5,817,516)	22,058,918
Liabilities						
Insurance liabilities	7,468,252	5,819,455	-	-	(1,155,025)	12,132,682
Other liabilities	2,348,429	727,280	2,430,475	2,862,241	(2,418,027)	5,950,398
	9,816,681	6,546,735	2,430,475	2,862,241	(3,573,052)	18,083,080
Segregated fund liabilities of life insurance policyholders	386,585	-	-	-	-	386,585
Total liabilities	10,203,266	6,546,735	2,430,475	2,862,241	(3,573,052)	18,469,665
Property, plant and equipment additions	17,764	15,946	4,939	3,655	-	42,304

43. Segment Information (continued)

	Total revenue from external customers		Total assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trinidad and Tobago	**1,465,120**	1,647,287	**6,981,911**	6,344,842
Jamaica	**985,988**	610,617	**4,625,285**	4,582,805
Barbados	**122,680**	171,658	**365,508**	277,711
Netherlands Antilles and Aruba	**797,300**	716,928	**4,353,210**	4,108,390
Europe	**175,001**	(176,672)	**1,439,361**	3,648,618
Latin America	**80,177**	14,689	**84,085**	19,338
Other Countries	**973,447**	1,087,969	**3,618,792**	2,805,268
	4,599,713	4,072,476	**21,468,152**	21,786,972
Investment in associated companies			**274,074**	271,946
			21,742,226	22,058,918

There are no transactions with a single customer that amount to more than 10% of total revenue.

44. Contingent Liabilities

Legal proceedings

Group companies are defendants in various legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any signifi cant loss.

Purchase of land

As at 31 December 2008, one of the Group's subsidiaries entered into a preliminary agreement to purchase land. The agreement allows the company 40 months to complete the purchase. Should the company decide not to complete the purchase, the impact of the fi nancial loss to the Group will be $2,355,082.

Construction of building

In 2008 one of the Group's subsidiaries entered into an agreement with a third party to construct the foundations of one of the buildings comprised in an urban development project. A penalty of $9,117,800 will apply if, within one year of the completion of the foundations, the company elects not to proceed with the completion of the superstructure.

45. Commitments

Capital commitments
As at the year end, a development contract and a loan agreement have been entered into in respect of a property project. The commitments not provided for in these fi nancial statements are as follows:

	2009 $'000	2008 $'000
Investment properties	**244,749**	429,467

Operating lease commitments – where a Group company is the lessee
The future aggregate minimum lease payments under operating leases are as follows:

	2009 $'000	2008 $'000
Not later than one year	**21,736**	24,148
Later than one year and no later than fi ve years	**63,940**	74,843
Over fi ve years	**34,952**	40,749
	120,628	139,740

Rental expense under these leases amounted to $20,662,000 for the year ended 31 December 2009 (2008 - $25,834,000).

46. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise signifi cant infl uence over the other party in making fi nancial or operational decisions. The ultimate parent of the Group is Guardian Holdings Limited.

A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions at market rates.

46. Related Party Transactions (continued)

The following transactions were carried out with related parties:

	2009 $'000	2008 $'000
(a) Sales of insurance contracts and other services:		
- Key management personnel	1,608	1,080
(b) Key management personnel compensation:		
- Salaries and other short-term employee benefits	62,923	67,350
- Termination benefits	4,581	9,505
- Post-employment benefits	744	920
- Other long-term benefits	-	833
- Share-based payments	12,289	14,762
(c) Year end balances arising from sales / purchases of products and services:		
- Other related parties	71,211	91,221
(d) Loans to related parties:		
Loans to key management of the Group:		
Balance at beginning of year	41,660	42,991
Difference on retranslation of opening balance	-	(113)
Loans advanced during the year	10,424	5,871
Loan repayments received	(7,276)	(7,122)
Interest charged	2,132	2,025
Interest received	(2,957)	(1,992)
	43,983	41,660
Loans to key associates:		
Balance at beginning of year	-	9,824
Difference on retranslation of opening balance	-	(34)
Loans advanced during the year	1,657	11,239
Loan converted to equity	-	(21,029)
	1,657	-

47. Subsidiaries And Associated Companies

	Country of Incorporation	Effective Percentage of interest held
Principal Subsidiaries		
Guardian General Insurance Limited	Republic of Trinidad & Tobago	100.0
Guardian Life of the Caribbean Limited	Republic of Trinidad & Tobago	100.0
Fatum Holding NV	Netherlands Antilles	100.0
Guardian Life Limited	Jamaica	100.0
Guardian Asset Management Limited	Republic of Trinidad & Tobago	100.0
Guardian Asset Management Jamaica Limited	Jamaica	100.0
Bancassurance Caribbean Limited	Republic of Trinidad & Tobago	100.0
Laevulose Inc. Limited	Republic of Trinidad & Tobago	67.0
Guardian Re (SAC) Limited (Formerly Colrich (SAC) Limited)	Bermuda	100.0
West Indies Alliance Insurance Limited	Jamaica	100.0
Principal Associated Companies		
Jubilee Group Holdings Limited (Formerly Appleclaim Limited)	United Kingdom	39.0
Royal Star Assurance (Bahamas) Limited	Bahamas	25.0
M&C General Insurance Company Limited	St. Lucia	20.0
Ocho Rios Beach Resorts Limited	Jamaica	24.0
RGM Limited	Republic of Trinidad & Tobago	33.3
Servus Limited	Republic of Trinidad & Tobago	50.0

48. Assets Under Management

Assets under management, which are not benefi cially owned by the Group, but which are managed by them on behalf of investors are listed below:

	2009 Carrying Amount $'000	2008 Carrying Amount $'000
Amounts not included in the consolidated statement of fi nancial position		
Cash and short-term investments	**267,915**	299,632
Investments	**883,799**	834,330
Interest and other receivables	**258,503**	277,546
	1,410,217	1,411,508

49. Restatements And Reclassifications

Adjustments and reclassifi cations to prior year numbers have been made to conform to the current year reporting. In addition, the Group had certain restatements to the prior year fi nancial statements that is further explained below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Reference	As previously stated $'000	Consolidation of Mutual Funds (Note 2) $'000	Change in accounting policy and error for associates (Note 1) $'000	Other adjustments $'000	Revised balance $'000
ASSETS						
Property, plant and equipment	4	941,602	-	(692)	(349,856)	591,054
Investment properties	4	614,258	-	(198,913)	338,028	753,373
Intangible assets	4	646,676	-	(14,446)	11,836	644,066
Investment in associated companies	5, 6	145,159	-	131,871	(5,084)	271,946
Financial assets	5, 7	10,971,008	-	(18,370)	(137,875)	10,814,763
Loans and receivables	5, 8	1,114,292	846	-	96,427	1,211,565
Pension plan assets	9	80,573	-	-	24,469	105,042
Value to shareholders of inforce long-term business	16	665,573	-	-	(95,330)	570,243
Deferred tax assets	6, 8	68,360	-	-	10,596	78,956
Reinsurance Assets	10	1,048,414	-	-	(6,076)	1,042,338
Deferred acquisition costs	10	535,737	-	-	(13,828)	521,909
Taxation recoverable	6	128,117	-	(1,331)	5,147	131,933
Cash and cash equivalents		3,151,269	(155,671)	(16,869)	580	2,979,309
Other assets	8, 10	1,435,948	-	(11,072)	(27,881)	1,396,995
		21,546,986	(154,825)	(129,822)	(148,847)	21,113,492
Segregated funds						
Financial assets of Mutual Fund unit holders		-	515,626	-	-	515,626
Cash and cash equivalents of Mutual Fund unit - holders		-	43,215	-	-	43,215
Segregated fund assets of life insurance policyholders		386,585	-	-	-	386,585
		386,585	558,841	-	-	945,426
		21,933,571	404,016	(129,822)	(148,847)	22,058,918

49. Restatements And Reclassifications (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Reference	As previously stated $'000	Consolidation of Mutual Funds (Note 2) $'000	Change in accounting policy and error for associates (Note 1) $'000	Other adjustments $'000	Revised balance $'000
EQUITY						
Share Capital		1,539,271	-	-	-	1,539,271
Reserves		(570,783)	(36,269)	-	(45,759)	(652,811)
Retained Earnings	12	2,193,188	(4,523)	-	(74,887)	2,113,778
Equity attributable to owners of the parent		3,161,676	(40,792)	-	(120,646)	3,000,238
Non-controlling interests						
Mutual Fund holders		-	487,356	-	-	487,356
Non-controlling interests in subsidiaries		101,659	-	-	-	101,659
Total non-controlling interests		101,659	487,356	-	-	589,015
Total equity		3,263,335	446,564	-	(120,646)	3,589,253
LIABILITIES						
Insurance contracts	10, 13, 14	12,152,363	-	-	(19,681)	12,132,682
Financial liabilities		4,978,739	(42,548)	(108,628)	2,072	4,829,635
Post retirement medical benefi t obligations	9	71,673	-	-	(23,215)	48,458
Deferred tax liabilities	6	216,842	-	-	9,431	226,273
Provision for taxation	10	76,436	-	(283)	10,146	86,299
Other liabilities	8	787,598	-	(20,911)	(6,954)	759,733
		18,283,651	(42,548)	(129,822)	(28,201)	18,083,080
Segregated fund liabilities of life insurance policyholders		386,585	-	-	-	386,585
Total liabilities		18,670,236	(42,548)	(129,822)	(28,201)	18,469,665
Total Equity and Liabilities		21,933,571	404,016	(129,822)	(148,847)	22,058,918

49. Restatements And Reclassifications (continued)

CONSOLIDATED INCOME STATEMENT	Reference	As previously stated $'000	Consolidation of Mutual Funds (Note 2) $'000	Change in accounting policy and error for associates (Note 1) $'000	Re-classification of GHLE Group (Note 3) $'000	Other adjustments $'000	Revised balance $'000
Insurance premium income	10	5,682,087	-	-	(1,644,419)	(11,289)	4,026,379
Insurance premium ceded to reinsurers	10	(867,453)	-	-	110,792	7,797	(748,864)
Net insurance premium income		4,814,634	-	-	(1,533,627)	(3,492)	3,277,515
Investment income		914,250	36,696	11,941	(85,257)	(925)	876,705
Gain on sale of Grupo Mundial Tenedora S.A.		308,419	-	-	-	(308,419)	-
Net realised gains on financial and other assets		281,020	(34,031)	(3,510)	-	(279,262)	(35,783)
Net fair value losses on financial and other assets	4, 7, 14	(428,154)	-	(2,443)	13,143	29,305	(388,149)
Commission income		118,791	-	-	(9,353)	633	110,071
Increase in value to shareholders of inforce long-term business		70,313	-	-	-	-	70,313
Fee income		39,046	(7,573)	-	-	(597)	30,876
Other operating income	15	239,187	(454)	(76,622)	(66,251)	35,068	130,928
Total revenue		6,357,506	(5,362)	(70,634)	(1,681,345)	(527,689)	4,072,476
Net insurance benefits and claims	8, 10	(3,559,008)	-	-	1,276,220	(29,605)	(2,312,393)
Expenses	10	(2,189,820)	(3,691)	55,488	697,158	(252,146)	(1,693,011)
Operating profit		608,678	(9,053)	(15,146)	292,033	(809,440)	67,072
Impairment of goodwill		(256,568)	-	-	-	256,568	-
Share of profit of associated companies	5, 6	26,086	-	5,562	-	(3,587)	28,061
Finance charges		(145,011)	-	10,207	-	-	(134,804)
Profit before taxation		233,185	(9,053)	623	292,033	(556,459)	(39,671)
Taxation	6, 10	(24,846)	-	(623)	1,617	5,025	(18,827)
Profit after taxation		208,339	(9,053)	-	293,650	(551,434)	(58,498)
Amount attributable to participating policyholders	13	(4,019)	-	-	-	12,653	8,634
Profit from continuing operations		204,320	(9,053)	-	293,650	(538,781)	(49,864)
Net loss on discontinued operations		-	-	-	(293,650)	56,371	(237,279)
Net gain on sale of equity investments		-	-	-	-	527,254	527,254
Profit for the year		204,320	(9,053)	-	-	44,844	240,111
Attributable to:							
- equity holders of the parent		201,359	(10,393)	-	-	44,844	235,810
- minority interest		2,961	1,340	-	-	-	4,301
		204,320	(9,053)	-	-	44,844	240,111

49. Restatements And Reclassifications (continued)

CONSOLIDATED INCOME STATEMENT	As previously stated $'000	Consolidation of Mutual Funds (Note 2) $'000	Change in accounting policy and error for associates (Note 1) $'000	Re-classification of GHLE Group (Note 3) $'000	Other adjustments $'000	Revised balance $'000
Earnings per share						
- Basic - for profit attributable to equity holders of the parent	$1.00	-	-	-	$0.17	$1.17
- Diluted - for profit attributable to equity holders of the parent	$0.96	-	-	-	$0.17	$1.13

Description of restatement / reclassifi cation:

1 During the year the Group reclassifi ed its investments in RGM Limited and Servus Limited from joint ventures to associates. In the previous accounting periods these were accounted for in the Group's fi nancial statements under the proportional consolidation method versus the equity method. This change has been applied retrospectively. The effect of the change has resulted in the investment in these associated companies being carried in the statement of fi nancial position in one line at cost plus post acquisition changes in the Group's share of net assets of the entities rather than on separate asset and liability lines.

The consolidated income statement also refl ects the share of the results of operations of the associated companies in one line on the face of the consolidated income statement rather than separate line items. These changes have had no impact on the net asset position of the Group.

2 During the year it was determined that the Group, by virtue of its signifi cant ownership in the Guardian Asset Management Mutual Funds, together with the structure of the Trust Deed and Asset Management Agreement in place, was able to exercise control as defi ned by IAS 27. Accordingly, the Group has consolidated the Mutual Funds and these are shown separately within fi nancial assets, cash and fi nancial liabilities on the consolidated statement of fi nancial position.

3 During the year the GHLE Group was sold. The prior year fi nancial statements have been restated to refl ect the results of the 2008 operations in one line in the statement of income. Other non-recurring transactions including the net gains on sale of certain equity investments (Note 38) and the goodwill impairment charges taken in the prior year which related to discontinued operations were also re-allocated.

4 Certain reclassifi cations were required among property, plant and equipment, investment properties, and software within intangible assets. Corrections were also made to include a revaluation loss on the property through the consolidated statement of comprehensive income versus in the consolidated income statement. The main reclassification was a re-allocation from work in progress under property, plant and equipment to investment property that relates to the urban redevelopment project in Martinique.

49. Restatements And Reclassifications (continued)

Description of restatement / reclassifi cation (continued):

5 In the prior year share of profi ts of associated companies was overstated in error. The adjustment represents a reduction to the share of investment in associate. Additionally, loans to one of the Group's associated companies was refl ected as investment securities rather than loans and receivables.

6 Certain reclassifi cations and corrections were required for the parent, subsidiaries and associated companies in relation to deferred and corporation tax. Some of these changes also had a an impact on opening retained earnings.

7 The Group has adjusted the prior year fi nancial statements to correct errors relating to the fair value adjustments to fi nancial assets.

8 In the prior year an error was made in accounting for subrogation recoveries resulting in an overstatement of other receivables. These balances were adjusted by reducing receivables and amount due to reinsurers. This also had an impact on opening retained earnings.

9 The Group recorded an adjustment to the reported prior year pension plan asset, post retirement medical benefi t obligation, and retained earnings, arising from an annual actuarial review of one of its subsidiaries.

10 Adjustments were required to correct expenses, prior year insurance claims, and overstatements in reinsurance assets, deferred acquisition costs, outstanding premiums, premium income, short term insurance contract liabilities within subsidiaries in relation to the prior year. The prior year fi nancial statements have now been restated to correctly account for these amounts.

11 The prior year translation reserve was adjusted for adjustments to 2008 profi t for overseas subsidiaries.

12 This comprises the following:

	Amount $'000
Net adjustment to retained earnings as at 1 Jan 2008:	(92,340)
Net adjustment to consolidated income statement for 2008 as per previous page:	
- Consolidation of Mutual Funds	(10,393)
- Other adjustments	44,844
- Net adjustment to other comprehensive income	(16,998)
	(74,887)

49. Restatements And Reclassifications (continued)

Description of restatement / reclassifi cation (continued):

13 The Group has participating policyholders that share in the results of Group. In calculating the policyholders share of the results for 2008 certain adjustments were not taken into account. To correct this error the profi t attributable to participating policyholders has been reduced for the prior year.

14 The Group adjusted the prior year fi nancial statements to correct an error relating to unit linked liabilities. In the prior year the Group recognised fair value changes to the consolidated income statement, rather than a change to fi nancial assets and a corresponding adjustment to the unit linked liability.

15 The Group has opted to account for actuarial gains and losses on defi ned benefi t plans as part of the statement of comprehensive income instead of through revenue as now permitted. This change has been applied retrospectively.

16 The value to shareholders of inforce long term business was overstated and this was corrected. This impacted opening retained earnings.

50. Pledged Assets

The Group had deposited certain assets with the regulatory authorities in the countries in which it is authorised to conduct business as security for its policyholders. The type and values of these assets are in accordance with the legal requirements of the countries concerned. The carrying value of pledged assets is:

	2009 $'000	2008 $'000
Statutory deposits / funds	5,301,444	4,746,805

financials expressed in US dollars

december 31, 2009

The Group's Consolidated Statement of Financial Position and Consolidated Income Statement expressed in US dollars appears below. The purpose of this publication is to provide readers of the Group's Annual Report, a number of whom are from jurisdictions outside of Trinidad and Tobago, with a quick and convenient overview of the Group's fi nancial performance, referenced against a major international currency. The exchange rate used for this purpose is TT$6.3325 to US$1.

Consolidated Statement of Financial Position

	2009 US$'000	2008 US$'000 (Restated)
ASSETS		
Property, plant and equipment	**80,323**	93,337
Investment properties	**151,471**	118,969
Intangible assets	**42,674**	101,708
Investment in associated companies	**43,281**	42,944
Financial assets	**1,696,328**	1,707,819
Loans and receivables including insurance receivables	**188,998**	191,325
Pension plan assets	**8,523**	16,588
Value to shareholders of inforce long-term business	**92,176**	90,050
Deferred tax assets	**7,482**	12,468
Reinsurance assets	**64,451**	164,601
Deferred acquisition costs	**73,674**	82,418
Taxation recoverable	**24,997**	20,834
Cash and cash equivalents	**332,310**	470,479
Other assets	**182,541**	220,608
Assets held for sale	**208,328**	-
	3,197,557	3,334,148
Segregated funds		
Financial assets of Mutual Fund unit holders	**151,985**	81,425
Cash and cash equivalents of Mutual Fund unit holders	**20,578**	6,824
Segregated fund assets of life insurance policyholders	**63,315**	61,048
	235,878	149,297
Total assets	**3,433,435**	3,483,445

Consolidated Statement of Financial Position (continued)

	2009 US$'000	2008 US$'000 (Restated)
EQUITY AND LIABILITIES		
Share capital	**244,084**	243,075
Reserves	**(52,082)**	(103,089)
Retained earnings	**177,633**	333,798
Equity attributable to owners of the parent	**369,635**	473,784
Non-controlling interests		
Mutual Fund holders	**136,781**	76,961
Non-controlling interests in subsidiaries	**16,649**	16,054
Total non-controlling interests	**153,430**	93,015
Total equity	**523,065**	566,799
Liabilities		
Insurance contracts	**1,659,857**	1,915,939
Financial liabilities	**765,057**	762,674
Post retirement medical benefi t obligations	**10,975**	7,652
Deferred tax liabilities	**31,540**	35,732
Provision for taxation	**15,125**	13,628
Other liabilities	**135,903**	119,973
Liabilities related to assets held for sale	**228,598**	-
	2,847,055	2,855,598
Segregated fund liabilities of life insurance policyholders	**63,315**	61,048
Total liabilities	**2,910,370**	2,916,646
Total equity and liabilities	**3,433,435**	3,483,445

Consolidated Income Statement

	Year Ended December 2009 US$'000	Year Ended December 2008 US$'000 (Restated)
Insurance premium income	636,076	635,828
Insurance premium ceded to reinsurers	(114,369)	(118,257)
Net insurance premium income	521,707	517,571
Investment income	148,416	138,445
Net realised gains / (losses) on fi nancial and other assets	2,186	(5,651)
Net fair value gains / (losses) on fi nancial and other assets	9,011	(61,295)
Commission income	17,786	17,382
Increase in value to shareholders of inforce long-term business	5,546	11,104
Fee income	4,784	4,876
Other operating income	16,930	20,676
Total revenue	726,366	643,108
Net insurance benefi ts and claims	(377,771)	(365,163)
Expenses	(255,642)	(267,353)
Operating profi t	92,953	10,592
Share of profi t of associated companies	2,459	4,431
Finance charges	(17,416)	(21,288)
Profi t / (loss) before taxation	77,996	(6,265)
Taxation	(18,425)	(2,973)
Profi t / (loss) after taxation	59,571	(9,238)
Amount attributable to participating policyholders	(1,010)	1,363
Profi t / (loss) from continuing operations	58,561	(7,875)
Net loss on discontinued operations	(188,214)	(37,470)
Net gain on sale of equity investments	-	83,262
(Loss) / profi t for the year	(129,653)	37,917
(Loss) / profi t attributable to:		
- Equity holders of the parent	(133,392)	37,238
- Non-controlling interests	3,739	679
	(129,653)	37,917

Consolidated Income Statement (continued)

	Year Ended December 2009 US$'000	Year Ended December 2008 US$'000 (Restated)
(Loss)/earnings per share		
- Basic - for (loss) / profit attributable to ordinary equity holders of the parent	($0.66)	$0.18
- Diluted - for (loss) / profit attributable to ordinary equity holders of the parent	($0.64)	$0.18
Earnings/(loss) per share for continuing operations		
- Basic - for profit / (loss) attributable to ordinary equity holders of the parent	$0.27	($0.04)
- Diluted - for profit / (loss) attributable to ordinary equity holders of the parent	$0.26	($0.04)

Consolidated Statement of Comprehensive Income

(Loss) / profi t for the year	**(129,653)**	37,917
Other comprehensive income / (loss)		
Exchange differences on translating foreign operations	**44,902**	(80,743)
Gains / (losses) on property revaluation	**1,709**	(4,524)
Net gain / (loss) on available-for-sale financial assets	**14,658**	(18,249)
Actuarial losses on defi ned benefi t pension plans	**(7,848)**	(4,970)
Other reserve movements	**265**	(464)
Income tax relating to components of other comprehensive income	**29**	-
Other comprehensive income / (loss) for the period, net of tax	**53,715**	(108,950)
Total comprehensive (loss) / income for the period, net of tax	**(75,938)**	(71,033)
Total comprehensive (loss) / income attributable to:		
- Equity holders of the parent	**(90,028)**	(59,124)
- Non-controlling interests	**14,090**	(11,909)
	(75,938)	(71,033)

The Companies Act, 1995 (Section 144)

I. **Name of Company:** GUARDIAN HOLDINGS LIMITED
Company No. G - 967 (C)

II. **Particulars of Meeting:**
Annual Meeting of the Company to be held at The Atrium, Guardian Corporate Centre, 1 Guardian Drive, Westmoorings on May 12, 2010 at 4:30 in the afternoon.

III. **Solicitation:**
It is intended to vote the proxy solicited hereby (unless the shareholder directs otherwise) in favour of all resolutions specifi ed therein.

IV. **Any director's statement submitted pursuant to section 76 (2):**
No statement has been received from any Director pursuant to Section 76 (2) of the Companies Act, 1995

V. **Any auditor's statement submitted pursuant to section 171 (1):**
No statement has been received from the Auditors of the Company pursuant to Section 171 (1) of the Companies Act, 1995

VI. **Any shareholder's proposal submitted pursuant to sections 116 (a) and 117 (2):**
No proposal has been received from any Shareholder pursuant to Sections 116 (a) and 117 (2) of the Companies Act, 1995

Date	Name and Title	Signature
March 17, 2010	Fé Lopez-Collymore Corporate Secretary	

form of proxy

Republic of Trinidad & Tobago

The Companies Act 1995 (Section143 [1])

1. Name of Company: **GUARDIAN HOLDINGS LIMITED** Company No. G - 967 (C)
2. Particulars of Meeting: Annual Meeting of the Company to be held at 4:30 in the afternoon on May 12, 2010.

I/We (block capitals please) _____ being Shareholder(s) in the above Company *(or in the case of an owner whose shares are held in a Clearing Agency being authorised by the Clearing Agency to do so)* appoint (s) the Chairman of the Meeting, or failing him,

_____ of _____to be my/our Proxy to attend and vote for me/us on my/our behalf at the above meeting and any adjournment thereof as indicated below on the Resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the said meeting or such adjournment or adjournments thereof.

Please indicate with an "X" in the spaces below how you wish your Proxy to vote on the resolutions referred to. If no such indication is given the Proxy will exercise his discretion as to how he votes or whether he abstains from voting:

	FOR	AGAINST
RESOLUTION 1:		
To receive and consider the Consolidated Financial Statements of the Company for the year ended December 31, 2009 and Reports of the Directors and the Auditors thereon.		
RESOLUTION 2:		
To elect the following Directors for specifi ed terms and for such purpose to pass the following resolutions: a) That the directors to be elected be elected en bloc;		
b) That Messrs. Antony Lancaster, Selby Wilson, Peter Ganteaume and Philip Hamel Smith be and are hereby re-elected Directors of the Company for a term expiring at the close of the third Annual Meeting of the Company following this appointment subject to the provisions of Regulation 4.5 of By-law No. 1		
RESOLUTION 3:		
To re-appoint Ernst & Young as the Auditors of the Company and to authorise the Directors to fi x their remuneration for the ensuing year.		

Signature(s)_____

Date: _____

form of proxy (ctd.)

Republic of Trinidad & Tobago
The Companies Act 1995 (Section143 [1])

NOTES:

1. If it is desired to appoint a proxy other than the Chairman of the Meeting, the necessary deletion must be made and initialled and the name inserted in the space provided.
2. In the case of joint holders, the signature of any holder is suffi cient but the names of all joint holders should be stated.
3. If the appointer is a corporation, this form must be under its common seal or under the hand of its duly authorised attorney.

Mail or deliver to: The Corporate Secretary
Guardian Holdings Limited
P.O. Box 88
1 Guardian Drive, Westmoorings

For offi cial use only:

Folio Number	
Number of Shares	

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LIMITED

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