

Management Report 2007

It is with great pleasure that we present our 2007 annual report. Since its establishment in the Netherlands Antilles and Aruba in 1904, Fatum has occupied a consistently strong and dominant position in these markets. The operating profitability of the Fatum core businesses has once again been affirmed, with a profit before taxation of ANG 26,5 million as compared to ANG 21,8 million in 2006. Total assets reached ANG 1,073 billion in 2007 as compared to ANG 995 million in 2006, an increase of 8%. Shareholders equity increased with 9% from ANG 182 million in 2006 to ANG 198 million in 2007. The yield on investments was 7%. The solvency position of Fatum is very strong, being in general 300% above local requirements. In addition, Fatum is fully in compliance with the local investments rules stating that a maximum of 40% of the investments needs to be placed abroad and 60% locally. Fatum assumes its responsibility of a corporate citizen by investing for a significant part in local government bonds.

Fatum, as part of Guardian Holdings Limited, is committed to being the local wealth management and protection champion, providing sustainable superior returns to our stakeholders. We recognize the unique strength of our position in the Caribbean and the importance of maintaining the very highest performance standards in the fundamentals of our business.

Over the last years we have established a clear commitment to operational excellence and customer centricity. We recently completed new automated systems.

Fatum will continue its focused growth journey in a disciplined manner. In anticipation of the growth in business, Fatum will undertake investments to

enhance the service levels even more, which in turn will ensure that our customers will continue to enjoy a pleasant experience with Fatum.

In 2007, Mr. H. Peter Ganteaume was welcomed back as the Chairman of the Supervisory Board. This appointment was prompted by the sudden departure of Mr. Rory O'Brien as the GHL Group CEO. We gratefully acknowledge the most valuable contribution of the Supervisory Board to the Fatum performance.

Fatum considers it a privilege to be able to invest in our local social and cultural development and well-being through donations and sponsoring on areas such as youth programs, initiatives for the elderly, education, sport events, health stimulation programs and reading promotion programs. In 2007 too, we continued our support of charitable and non-profit organizations that serve our communities.

We would like to thank all customers for their continuing loyalty, our employees for their commitment and dedication, the regulators and authorities in the Netherlands Antilles and Aruba for their ever present support. A special expression of gratitude goes also to our esteemed shareholders.

It is with their support, direction and commitment that we succeed in maintaining high standards of governance and again achieved excellent 2007 business results. We are proud to serve our customers and to contribute to the further progress of our community!

Curacao, June 4, 2008


Ivan Steve Martina
President & CEO Fatum Holding

Auditors' Report

We have audited whether the accompanying Financial Report of Fatum Holding N.V., Curaçao, N.A., for the year 2007 (as set out on pages 23 to 28) has been derived consistently from the audited consolidated financial highlights of Fatum Holding N.V., for the year 2007. In our auditors' report dated June 4, 2008 we expressed an unqualified opinion on these consolidated financial highlights. Management is responsible for the preparation of the Financial Report in accordance with the accounting policies as applied in the 2007 consolidated financial highlights of Fatum Holding N.V. Our responsibility is to express an opinion on this Financial Report.

Scope

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that the Financial Report has been derived consistently from the consolidated financial highlights.

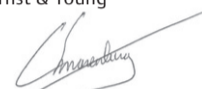
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

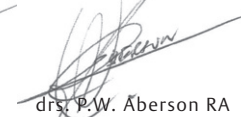
Opinion

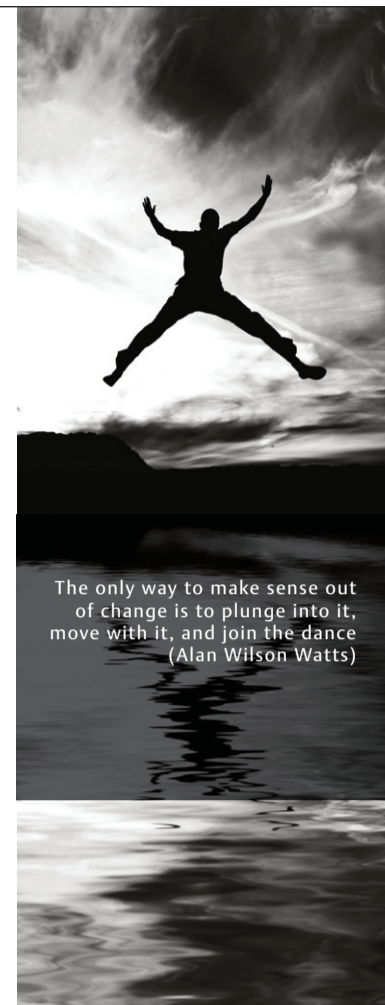
In our opinion, this Financial Report has been derived consistently, in all material respects, from the consolidated financial highlights.

Curaçao, June 4, 2008

for Ernst & Young


C. Smorenburg RA AA


drs. P.W. Abersson RA



The only way to make sense out of change is to plunge into it, move with it, and join the dance
(Alan Wilson Watts)

Fatum Holding N.V. consolidated

Consolidated Balance Sheet | 31 December 2007 (Expressed in thousands of Antillean Guilders)

| admissible assets | 2007 | 2006 |
|---|------------------|----------------|
| Investments: | | |
| Real Estate | 25,892 | 26,788 |
| Stocks | 19,169 | 14,879 |
| Bonds and Other Fixed Income Securities | 727,320 | 686,621 |
| Mortgage Loans | 89,510 | 91,163 |
| Other Loans | 54,318 | 37,835 |
| Deposits with Financial Institutions | 23,373 | 26,771 |
| Other Investments | 614 | - |
| Current Assets | 98,720 | 80,592 |
| Other Assets | 33,728 | 29,901 |
| TOTAL | 1,072,644 | 994,550 |
| equity, provisions and liabilities | | |
| Capital and Surplus: | | |
| Capital | 85,561 | 85,561 |
| Surplus | 112,324 | 95,861 |
| Provisions for Insurance Obligations: | | |
| Net Technical Provision for Life Insurances | 729,013 | 662,597 |
| Net Unearned Premium Provision | 14,630 | 13,122 |
| Net Claim Provision | 21,761 | 19,834 |
| Net Claim Adjustment Expense Provision | 176 | 176 |
| Net Other Technical Provisions | 25,955 | 24,339 |
| Other Net Policy and Contract Provisions | 10,672 | 9,775 |
| Other Provisions and Liabilities | 1,234 | 1,355 |
| Current Liabilities | 71,318 | 81,930 |
| TOTAL | 1,072,644 | 994,550 |

Consolidated Profit and Loss Account 2007 (Expressed in thousands of Antillean Guilders)

| | 2007 | 2006 |
|--|----------------|----------------|
| Income: | | |
| Gross written Life premiums | 91,545 | 58,893 |
| Gross written Non life premiums | 77,197 | 72,865 |
| Written premiums ceded to reinsurers | (17,103) | (15,026) |
| Premiums written net of reinsurance | 151,639 | 116,732 |
| Change in unearned premiums provision | 6,470 | 1,854 |
| Net premiums earned | 145,169 | 114,878 |
| Fee and commission income | 2,968 | 2,341 |
| Investment income | 64,093 | 56,061 |
| Other income | 4,737 | 1,660 |
| Total Income | 216,967 | 174,940 |
| Expenses: | | |
| Insurance claims and benefits incurred | 147,308 | 99,250 |
| Fee and commission expenses | 12,356 | 12,034 |
| Other expenses | 30,712 | 41,823 |
| Total expenses | 190,376 | 153,107 |
| Income before taxation | 26,591 | 21,833 |
| Taxation | (6,530) | (6,927) |
| Net Results | 20,061 | 14,906 |

Notes to the Financial Report 2007

Significant Accounting Policies

Basis of preparation

The consolidated financial statements of Fatum Holding N.V. and its subsidiaries ('the Group') are prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, and financial assets and financial liabilities at fair value through profit or loss. These explanatory notes are an extract of the detailed notes included in the consolidated financial statements.

The consolidated balance sheet and consolidated profit and loss account as presented on page 24 and 25 have been derived from the consolidated financial highlights. The consolidated financial highlights have been prepared in accordance with the applicable guidelines of the Central Bank of the Netherlands Antilles. These guidelines include specific presentation requirements that differ from IFRS.

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial 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 following subsidiaries have been included in the consolidation.

- Fatum Health N.V.
- Fatum General Insurance N.V.
- Fatum Life N.V.
- Homes and Properties N.V.

Financial Assets

The Group classifies its investments into the following categories: financial assets at fair value through profit and loss, loans and receivables and held-to-maturity financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

A financial asset is classified into the category financial assets at fair value through profit and loss at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management. Financial assets at fair value through profit and loss are subsequently carried at fair value.

Loans and receivables and held-to-maturity securities are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are included in the income statement in the period in which they arise.

Insurance contracts/Net insurance premium revenue/Net insurance benefits and claims
The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

For all these contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders.

Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. Typically, the liability is determined as the sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums).

