



The National Insurance Board
of Trinidad and Tobago

*35 Years of Dependable Service
– Securing Your Future*

*A N N U A L
R E P O R T
2 0 0 7*



Our Mission

“To effectively and efficiently deliver social insurance products and services that satisfy the needs of the population”

Our Vision

“To become the leading provider of social insurance within the Caribbean region”

Our Core Values

Our core values represent what is truly important to us:

CUSTOMER CARE – We recognise that meeting and exceeding the expectations of our customers must guide our decision-making and behaviour.

MUTUAL RESPECT – We value and respect each other as persons as well as members of the same team, subscribing to the same Vision, Mission and Values.

TRANSPARENCY – We are honest, open, clear and timely in communicating and conducting our business affairs with each other, our customers and business associates.

INTEGRITY – We strive to have ever more congruence between our words and deeds and commit to personal and professional integrity and ethical performance throughout the NIBTT.

FAIRNESS – We are fair and equitable in our treatment of each other.

RECOGNISING AND REWARDING EXCELLENCE – We remain a performance-driven organisation committed to the realisation of personal and corporate excellence.

COMPETENCE – Our dedication to excellence requires not only lifelong learning, but also continual assessment of our ability to add value to the NIBTT.

LOYALTY – As part of the NIBTT, we are committed to ensuring the best interests of the organisation and protecting its assets.

TEAMWORK – We promote collaborative development as we work, learn and strive for excellence together.



Corporate Information

Head Office

NIB House

2A Cipriani Boulevard
Port of Spain
Trinidad and Tobago, W.I.
Tel: (868) 625-2171-8 Fax: (868) 627-1787
NIB Hotline: 663-4NIS (4647)
Email: nib@nibtt.co.tt
Website: www.nibtt.co.tt

Bankers

First Citizens

9 Queen's Park West
Port of Spain
Trinidad and Tobago, W.I.

Republic Bank Limited

9-17 Park Street
Port of Spain
Trinidad and Tobago, W.I.

Auditors

Ernst and Young

P.O. Box 158
5-7 Sweet Briar Road, St Clair
Port of Spain
Trinidad and Tobago, W.I.

Attorneys

Alexander-Jeremie and Company

81 St Vincent Street
Port of Spain
Trinidad and Tobago, W.I.

M.G. Daly and Partners

115a Abercromby Street
Port of Spain
Trinidad and Tobago, W.I.

Girwar and Deonarine

Harris Court, 17-19 Court Street
San Fernando
Trinidad and Tobago, W.I.

B.D.A Camejo and Company

50 Richmond Street
Port of Spain
Trinidad and Tobago, W.I.

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Chairman's Review



“ Our 35th financial year (2006/2007) was dedicated to developing methods to improve efficiency, add value and increase the product range for our stakeholders ”

Calder Hart – Chairman NIBTT

Chairman's Review

For Financial Year July 1, 2006 - June 30, 2007.

Our 35th financial year (2006/2007) was dedicated to developing methods to improve efficiency, add value and increase the product range for our stakeholders.

As promised, we adopted a performance-driven strategy aimed at enhancing the products provided under the National Insurance System (NIS); providing excellent service to all those who do business with the National Insurance Board of Trinidad and Tobago (NIBTT); extending coverage to the self-employed and providing new services that are related to our core functions.

We focused directly on improving customer care in the organisation, rebalancing the investment portfolio to improve investment returns and completing the Seventh Actuarial Review of the NIS to safeguard the long-term interests of contributors.

Your Board of Directors is of the view that the NIBTT has met its objectives of delivering service excellence to you for yet another year. The NIS grew significantly in 2006/2007. We paid 131,718 NIS beneficiaries in excess of \$1.04 billion in benefits. The number of active insured persons exceeded the half-million threshold and some \$1.50 billion was collected as contribution income.

All of this was achieved whilst containing administrative expenses at 7.06% of contribution income – a figure well below the regional norm and in keeping with the benchmark established by our actuaries.

We achieved a strong financial performance with return on our investment portfolio of 7.23% (realised income) and a growth in the National Insurance Fund to \$14.3 billion or 8.5% over the last year.

CUSTOMER CARE

Customer Care Programme

We recognise that the key to success lies not only in having a good product range, but also in being able to provide the customers with the level of service they deserve. To this end, the NIBTT took the initiative to begin the implementation of a Customer Care Programme during the year.

Our Customer Care initiative is aimed at utilising a reliable, flexible way of managing all of our stakeholders so that NIBTT can reap the benefits of excellent customer service resulting in satisfied customers and a positive public image.

Phase one of the Customer Care initiative was completed with the Launch of the Customer Care concept within the organisation and staff competitions to develop an icon, tagline and jingle for future initiatives.

Seventh Actuarial Review

The main objectives of the Seventh Actuarial Review were to evaluate the financial status and assess the long-term financial sustainability of the NIS while maintaining an adequate level of insurance protection to the insured population and their dependents.

In addition, the International Labour Organisation conducted analyses into the feasibility of modifying several national insurance provisions in response to requests by our tripartite stakeholders, the general public and the NIBTT.

As part of our process of continuous consultation with our stakeholders, the NIBTT presented recommendations for improvements of the NIS to the Honourable Prime Minister and his Finance and Planning Ministers on May 9, 2007; to employers at a Special Presentation Meeting hosted by the Employers' Consultative Association on August 3, 2007; and to representatives of organised labour on September 17, 2007.

Improving Benefits

In keeping with those recommendations, an increase in the minimum monthly retirement pension to \$2,000 will be implemented from January 07, 2008 as well as the following:

- Increase in all current benefit rates by approximately 25%
- Minimum Retirement Grant of \$2,000
- Minimum Widows and Widowers Pension of \$400 per month
- Minimum Dependent Parent Pension of \$200 per month
- Increase of the Maternity Grant from \$2,000 to \$2,500
- Award of a Special Maternity Grant on the basis of father's contributions where the mother does not qualify

Chairman's Review

“ *This year NIBTT achieved an investment yield of 7.23% (realised income) – an excellent performance given the adverse financial environment that continued throughout the year* ”

- Total Medical Expenses increased from \$18,000 to \$22,500 per injury
- The payment of a Maternity Grant for each multiple birth
- Increase in Funeral Grant from \$4,000 to \$5,000
- Inclusion of Magnetic Resonance Imaging in the list of healthcare services covered under Medical Expenses
- Increase in contribution rate from 9.9% to 11.4% over five years
- Increase in insurable earnings from a maximum of \$4,377 to \$8,300 per month

Expanding coverage

Within the next financial year, the final phase of the 7th Actuarial Review is expected to be completed – the extension of coverage to the self-employed. This group represents approximately 19% of the workforce and has not enjoyed social insurance coverage since the inception of the NIS in 1972. Since the self-employed are exposed to the same risks that result in interruption or loss of income, and accordingly could be quickly impoverished or experience a decline in living standards, extending the income protection offered by the NIS to this sector is a key policy objective.

FINANCIAL HIGHLIGHTS

This year NIBTT achieved an investment yield of 7.23% (realised income) – an excellent performance given the adverse financial environment that continued throughout the year.

This performance was due largely to adjustments in our investment strategy, a further diversification and rebalancing of our portfolio and securing the appropriate amendments to the governing First Schedule of the National Insurance Act. The latter provides significant potential for broadening and deepening the scope of our investment opportunities without significantly increasing risk.

Last year, we undertook a number of important initiatives based on our new strategy. These included a first-time investment in the energy sector and increased investment in the real estate and banking sectors.

Investment in the Energy Sector

NIBTT has acquired 12% Cumulative Preference Shares of World GTL Trinidad, a joint venture between Petrotrin and World GTL Inc. of New York at a cost of US\$10 million. World GTL Trinidad will convert natural gas into ultra clean, environmentally-friendly, biodegradable premium diesel fuel. This investment is expected to yield 12% per annum.

Investment in Real Estate

Our investment in the Riverwoods Housing Development Project, the development of lands at Queen's Park East in Port of Spain, and acquisition of properties in Chaguanas are all geared towards the generation of income and asset growth to support the long-term commitments of the fund.

Chairman's Review



Executives of NIBTT and GENIVAR Trinidad and Tobago Limited sign a Memorandum of Agreement for the development of lands at Queen's Park East, Port of Spain. Seated from left: Niala Persad, Jeffrey McFarlane and Calder Hart from NIBTT and Ali Ettehadieh, President GENIVAR T&T. Standing are Raul J. Fernandez, Senior Project Manager and Susan Vivian, Director GENIVAR T&T. Looking on is Mr Winston Agard, NIBTT's consultant.

“ *The dynamising of our investment portfolio and its importance for the growth of the NI Fund has led the Board of Directors to approve the establishment of a new Investments Business Unit* ”

Investment in Banks

Additionally, we have increased our shareholding in key banks in Trinidad and Tobago. All these initiatives are of strategic importance and signal our clear recognition that the Board must act now if it is to maintain a viable NIS over the next 50 years and beyond.

Overseas Investments

Our overseas investments have been reaping significant reward. Over the three-year period 2004 to 2007, our original investment of US\$ 60 million has delivered an annual average yield of 13%, or an overall return of 44% for the period. The return in 2007 was 23%.

Strengthening Investment Management

The dynamising of our investment portfolio and its importance for the growth of the National Insurance Fund has led the Board of Directors to approve the establishment of a new Investments Business Unit to be headed by an Investments Manager at Executive Management level. This is in keeping with our strategic objective of improving our investment returns as a means of containing the contribution rate over time and ensuring that the organisation can continue to pay relevant and meaningful benefits to contributors and their dependants.

Chairman's Review

LOOKING AHEAD

Future NIS Reform Measures

The Government of Trinidad and Tobago is currently in the process of reforming the country's retirement systems, including the social assistance and occupational pension systems. Therefore, this is an important opportunity for the NIBTT to redefine our role and ensure that the design for the future corresponds to pension reform objectives set at the national level.

NIBTT has taken note of the conclusions of the Seventh Actuarial Review relating to the demographic aging of the working population. The Seventh Actuarial Review projections also reveal that the NIS will soon reach a stage at which the system will start to mature rapidly. The actuaries have concluded that the ageing working population, together with the maturing of the NIS, will both have a significant impact on the financial sustainability of the NIS.

Accordingly, the Board has recognised the need for and supports in principle the implementation of reform measures in order to address the long-term financial sustainability of the NIS.

A special Actuarial Review will be commissioned to consider these issues.

The focus of this special Actuarial Review will be:

- The conversion of the earnings class system to one that insures actual earnings
- The number of contributions required to qualify for a basic retirement pension (currently about 14.5 years of contributions)
- Redesign of the current financing system
- Redesign of current benefits provisions with particular reference to long term benefits

“ We have embarked on projects to provide online some of the services that customers must presently visit the Service Centres to obtain ”

This special review will include an analysis of the financial impact of these changes on contributors and the National Insurance Fund. It will also seek to coordinate NIS reform measures with pension reform measures at the national level.

Increasing Service Delivery Options and Customer Choices

We have embarked on projects to provide online, some of the services that customers must presently visit the Service Centres to obtain. By the creation of a virtual office online, employers will have the choice of doing business this way and on a 24/7 basis.

In this context, a pilot project is in progress with selected employers whose data are processed through a Web application. In the coming year, the services available through this system will be enhanced and made available to employers over the Web.

In the medium term, it is our intention to have more of our services sourced electronically, including the payment of contributions. Key to providing such services are high performance and security. In this regard, we are presently strengthening our core Information and Communications Technology infrastructure and enhancing our IT Security framework. Some of the other Web services that will be enabled over time include:

- Registration applications
- Contribution recording and emailing
- Application for benefits
- National Insurance number inquiry
- Annual Contribution Statement printing
- Generation of Termination Certificates

Chairman's Review



NIBTT Board of Directors at work considering the recommendations of the 7th Actuarial Review.

APPRECIATION

I take this opportunity to thank the Minister of Finance, the Honourable Patrick Manning, and the Minister in the Ministry of Finance, Senator The Honourable Conrad Enill for their continued commitment to and support of NIBTT during the year.

I convey my heartfelt gratitude to my fellow Board members for their personal commitment and collective effort in providing strategic direction and stewardship throughout 2007, both at our statutory meetings and as members of the various committees of the Board.

On behalf of the Board of Directors, I once again thank Mr Jeffrey Mc Farlane, the Executive Director, and his Executive and Senior Management team for their commitment to meeting our corporate goals.

The commitment and dedication of our staff must again be acknowledged. Their enthusiasm for meeting the needs of our customers and our corporate goals is laudable and is hereby recognised.

I must express the gratitude of the Board of Directors, management and staff of the NIBTT, to all our stakeholders who have worked with us to ensure that the appropriate reforms were made to our NIS System. We could not have completed the Seventh Actuarial Review process without your valuable comments and recommendations.

As we look towards a new financial year in which significant changes will be made to the National Insurance System, I pledge the commitment of the Board of Directors, management and staff of NIBTT to ensure that the country's Social Security System remains accountable, relevant, transparent and viable.

A handwritten signature in black ink, appearing to read 'Calder Hart'.

Calder Hart
Chairman NIBTT





Board of Directors



Calder Hart (*Chairman*)



Michael Annisette (*Labour*)



Ruben Mc Sween (*Business*)



Inez Sinanan (*Government*)



Rudranath Indarsingh (*Labour*)



Walton Hilton-Clarke (*Business*)

ALTERNATES

Robert Guiseppi (*Labour*)
(*Michael Annisette*)

Clarence Rambharat (*Business*)
(*Ruben Mc Sween*)

Ermine de Bique (*Labour*)
(*Rudranath Indarsingh*)

Stephanie Fingal (*Business*)
(*Walton Hilton-Clarke*)

Board of Directors



Joan John (*Government*)



Jeffrey A. McFarlane
Executive Director (*ex-officio*)



Seeram K. Maharaj (*Business*)



Alva Allen (*Labour*)



Henry Sealy (*Government*)

ALTERNATES

Kenneth Dalip (*Business*)
(*Seeram K. Maharaj*)

Curtis John (*Labour*)
(*Alva Allen*)

Executive Director's Report



*“ We believe that taking care of business
is synonymous with taking care
of our customers ”*

Jeffrey Mc Farlane – Executive Director NIBTT

Executive Director's Report

For Financial Year July 1, 2006 - June 30, 2007.

We began our 35th year of operations by rededicating ourselves to improved performance and putting the customer first, because taking care of our customers is our first priority.

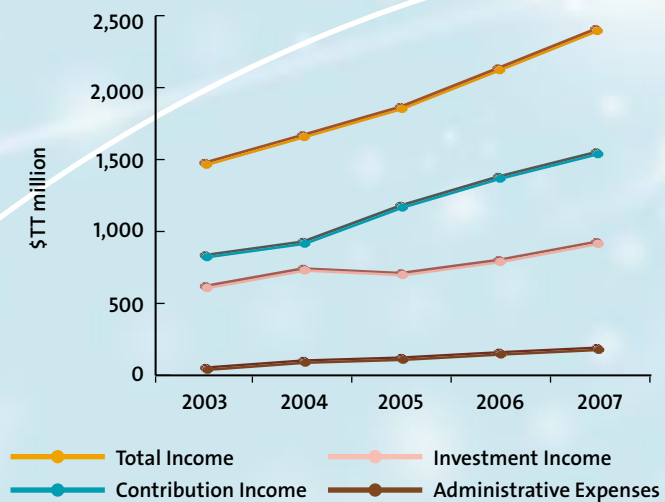
Early in the year, the Board of Directors, Management and staff met in a retreat to review past accomplishments and to set goals that will promote greater value, improved performance and excellent customer care in this and future years.

At that 35th Anniversary Corporate Retreat, held on Saturday August 26, 2007, and attended by over 90% of the staff, we launched a major Customer Care initiative, revisited the rationale for a National Insurance System (NIS) and rededicated the organisation to the paramount objective of providing excellent customer care and value to all the stakeholders of the NIS.

In our Anniversary month, April 2007, we celebrated our 35th Anniversary with an Interfaith Service that packed the Holy Trinity Cathedral in Port of Spain. There, we thanked God for the many ways in which he blessed the people of Trinidad and Tobago through the NIS.

We continued to improve upon our performance over previous years. New beneficiaries received claims within a shorter turnaround time and we paid \$1.039 billion in benefits to 131,718 beneficiaries – of whom 102,803 or 78.04% were long-term benefit recipients. Total income for the year increased to \$2.4 billion, which was 12.79% over the income of \$2.19 billion received in the previous financial year and total assets increased by 5.7% to \$14.8 billion.

Administrative Expenses/Income 2003 - 2007



Our ratio of administrative expenditure to contribution income was maintained at the modest value of 7.06%, a sure sign that the organisation continued to manage costs well and exercise fiscal discipline in our operations.

While the long-term beneficiary population currently stands at 102,803 persons, this figure is expected to double by the year 2030. Meeting current and future obligations in the context of the demographic aging of the population without passing on onerous costs to future contributors is a matter that is currently engaging the attention of the Board.

The Seventh Actuarial Review, which was commissioned in February 2006, was completed in this financial year and the Board agreed on a number of measures to be implemented from January 2008. These recommendations were accepted by the Government of Trinidad and Tobago and the required enabling legislation is expected to be passed by October 2007. Key indicators for financial year 2007 are provided in Table 1.

Executive Director's Report

TABLE 1 - Key Indicators

Key Indicators	2006	2007	% Change
Claims			
Beneficiaries	127,832	131,718	3.0
Long-Term Beneficiaries	100,021	102,802	2.8
Benefit Payments, \$M	1,001.4	1,039.0	3.7
New Claims for Processing	41,067	39,628	(3.5)
New Claims Processed and Authorised	40,211	38,265	(4.8)
New Claims Paid	39,785	38,519	(3.2)
Compliance			
Active Insured Persons	465,389	501,450	7.7
Active Employer Population	16,618	17,863	7.5
Employers Surveyed	7,066	6,564	(7.1)
Income and Yield			
Contribution Income, \$M	\$1,373.0	\$1,502.0	9.4
Investment Income [realised], \$M	\$766.5	\$869.0	13.4
Administrative Costs, \$M	\$96.4	\$106.0	10.0
Administrative Costs as % of Contribution Income	7.06%	7.06%	0
Administrative Costs as % of Total Income	4.5%	4.18%	(0.32)*
Net Yield on Portfolio [realised income only]	7.03%	7.23%	0.20*
Net Yield on Portfolio [realised and unrealised income]	(1.84)%	5.41%	7.25*
Total Funds, \$B	\$13.2	\$14.3	8.5
Rate of Growth in Total Funds	4.6%	8.5%	3.9*
Total Assets, \$B	\$14.0	\$14.8	5.7

* Figure denotes percentage point change rather than percentage change

SERVICE DELIVERY

Customer Care

We believe that taking care of business is synonymous with taking care of our customers. On Saturday, August 26, 2006 we launched our Customer Care initiative which elaborated the key service values that define the nature and quality of care that our customers must receive in order to make their service experience with the NIBTT simple and pleasing.

To engage staff in this new service experience, competitions were held to develop a logo, tagline and jingle with which both customers and staff could easily identify.

The winning logo, tagline and jingle will be launched together with the Reforms of the NIS in January 2008.

Registration

This year the active insured population increased by 36,061 or 7.7% from 465,389 to 501,450 active insured persons.

The active employer population also increased by 1,245 or 7.5%, bringing the active employer population to 17,863.

The growth in the employer and employee population is reflective of the buoyancy of the economy with the associated expansion of business activity and NIBTT's continued education and compliance activities.

Table II - Active Employer/Employee Population for the Period 2002/03 to 2006/07

Financial Year	Number of Persons					% Change 2002/03 Compared To 2006/07
	2002/03	2003/04	2004/05	2005/06	2006/07	
Employers	13,247	14,092	15,442	16,618	17,863	35%
Employees	326,211	359,187	400,202	465,389	501,450	54%

Executive Director's Report

Benefit Administration

The number of persons who received a benefit from the NIS increased by 3% from 127,832 in financial year 2006 to 131,718 in financial year 2007.

New claims for processing declined by 3.5%, from 41,067 in the previous year to 39,614 claims in the current financial year. This year, 38,265 new claims were authorised and 38,519 new claims were paid, inclusive of 1,537 new claims that were approved but not actually paid by year-end June 30, 2006.

During the year, the organisation continued with its pre-pensioner and other data clean-up strategies aimed at updating the records of contributors and reducing the turn-around time for processing claims. The results continued to be positive.

Growth in the beneficiary population of 2,781 or 3% and 1,180 or 5% were seen in the long-term and short-term benefit branches respectively while recipients of Employment Injury benefit declined by 75 or 1.2%. The highest net growth in any benefit was predictably in recipients of Retirement Benefit, who increased by 1,877 or 3% from 63,492 in financial year 2006 to 65,369 in financial year 2007.

“The number of persons who received a benefit from the NIS increased by 3% from 127,832 in financial year 2006 to 131,718 in financial year 2007”

Benefit Expenditure for the 5-year period 2002/03 - 2006/07

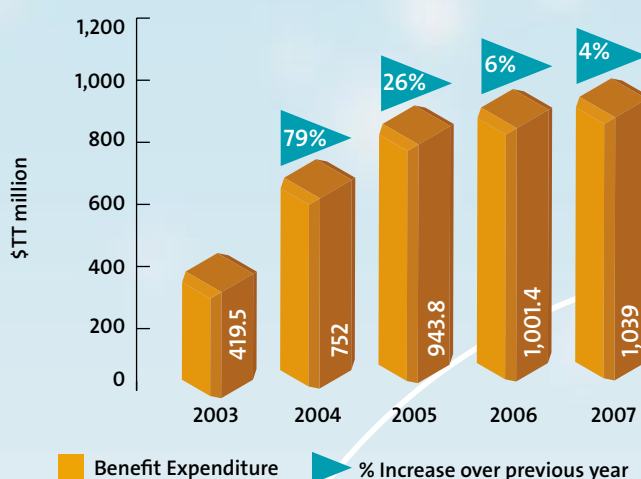


Table III - Benefit Recipients by Benefit Group for the five-year period 2002/03 to 2006/07

Financial Year	Number of Persons					%Change 2002/03 Compared To 2006/07
	2002/03	2003/04	2004/05	2005/06	2006/07	
Long-term Beneficiaries	87,625	92,092	94,126	100,021	102,802	17%
Short-term Beneficiaries	19,105	27,609	20,952	21,370	22,550	18%
Employment Injury Beneficiaries	3,010	2,303	6,420	6,441	6,366	111%
TOTAL	109,740	122,004	121,498	127,832	131,718	20%

Executive Director's Report

“ In the current financial year, the long term benefits accounted for 88% of total benefit expenditure and this pattern is expected to continue...” ”

Benefit Expenditure

Overall Benefit Expenditure reached a new high of \$1.039 billion in the year under review, representing an increase of 3.7% over the \$1001.4 billion paid in the financial year ended June 30, 2006. The significant growth in benefit expenditure over the last five years is illustrated in the graph on page 19.

In the current financial year, the long-term benefits accounted for 88% of total benefit expenditure and this pattern is expected to continue, given the clear trend of demographic aging of the contributors and maturing of the National Insurance System.

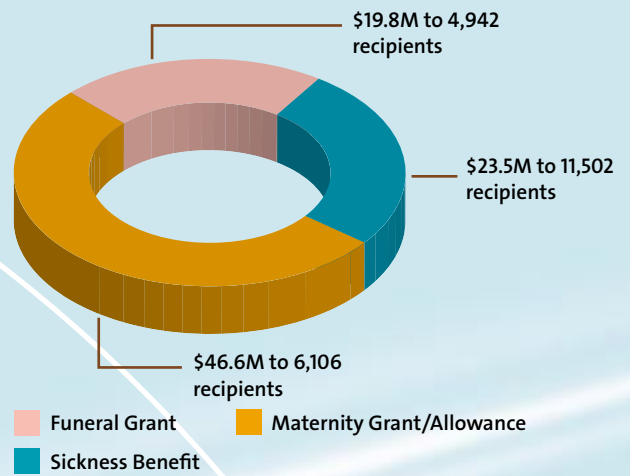
Benefit Abuse

In our report for the year ended June 30, 2006, we intimated that a pattern of action had been observed that may well be directed at causing persons who would not otherwise be eligible to qualify for benefits. A special unit was established to investigate such suspect claims. Our initiative received the support of the Civil Authorities. To date, legal proceedings have been initiated in eight cases with a total of 31 charges being laid against individuals and employers for offences under Sections 33 and 63 of the National Insurance Act and Section 34 of the Larceny Act. Other matters are being completed for similar legal action.

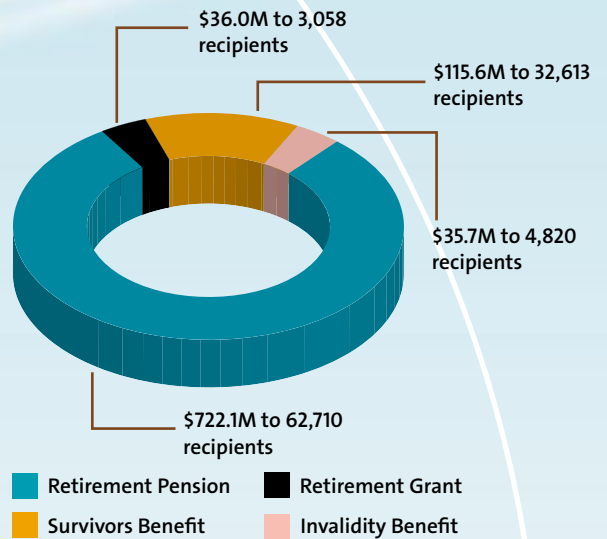
In addition, a special exercise was completed to determine the areas that must be strengthened in the National Insurance Act to protect the fund from abuse and strongly penalise offenders when caught. Once enacted, we will take the necessary steps to have them implemented.

We have also strengthened our gate-keeping and referral controls so that suspect claims can be intercepted and investigated at a very early stage.

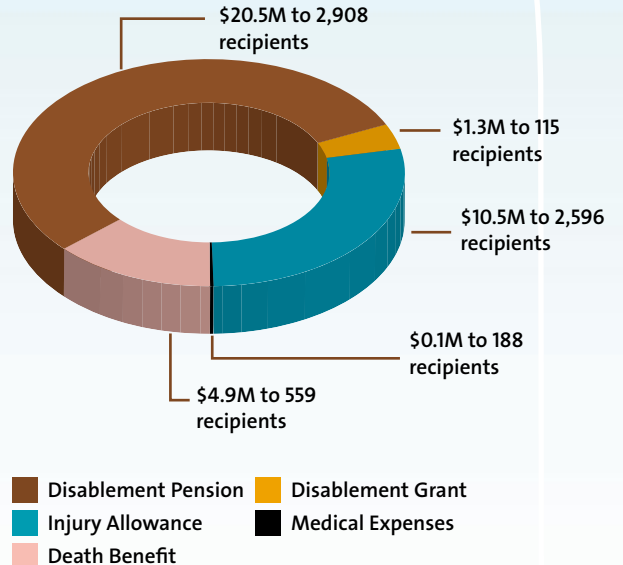
Short Term Benefit Expenditure 2006/2007 (\$M)



Long Term Benefit Expenditure 2006/2007 (\$M)



Employment Injury Benefit Expenditure 2006/2007 (\$M)



Executive Director's Report

Claims Made Under Reciprocal Agreements

Insured persons who are covered under the reciprocal agreements that Trinidad and Tobago has entered into with Canada and CARICOM countries continued to benefit from these arrangements. During the year, 543 transactions were processed in respect of the reciprocal agreement with Canada and 39 have been processed under the agreement with CARICOM countries.

Public Education

NIBTT's public education drive continued to be focused and intense. A total of 56 seminars were attended by some 2,545 employees from among the public and private sectors. Three (3) public forums and one public education exhibition were also held.

Seminars were primarily focused on employer responsibilities and employee benefits. Special interest seminars included two orientation seminars for young people entering the workforce and six pre-retirement seminars.

FINANCIAL REVIEW

Economic Climate

The local economy remained buoyant during the period under review. The unemployment rate reached an all-time low, dropping to 5% and resulted in associated increases in employee registrations and contribution income in 2007.

On the downside, the continued growth in the economy resulted in increases in price inflation that reached the double digits before receding to 8% at the end of 2007 June. This decline, however, had little impact on core inflation, which remained around 4.2%.

Such persistent inflationary pressures associated with fiscal expansion and domestic supply constraints resulted in the Central Bank continuing its liquidity absorbing measures throughout the period. These measures included the injection of bonds and T-bills into the financial market.

While absorbing liquidity, such injections exerted downward pressure on the prices of these and similar financial instruments, resulting in relatively higher yields on securities. This rendered fixed income assets relatively more attractive than local equities.

“ *Employers continued to show high levels of compliance with the requirements of the NI Act, and consequently the ratio of contribution arrears to contribution income continued to decline, moving from 1.4% in 2006 to 1.1% in 2007* ”

The NIBTT has maintained a flexible investment stance and quickly diversified its investment portfolio to take advantage of the better performing instruments.

Income and Yield

Total Funds stood at \$14.3 billion by the end of the financial year, an increase of 8.5% over the \$13.2 billion achieved in 2006. This compares favourably with the 4.6% growth from 2005 to 2006. The growth in Total Funds by \$1.124 billion was primarily attributable to Net Investment Income of \$736 million. Contributions net of expenses and other income accounted for the remaining \$388 million.

Contribution Income

Contribution income collected in 2007 amounted to \$1.502 billion, an increase of \$129 million or 9.4% over the \$1.373 billion collected in the previous year. Employers continued to demonstrate high levels of compliance with the requirements of the NI Act, and consequently the ratio of contribution arrears to contribution income continued to decline, moving from 1.4% in 2006 to 1.1% in 2007.

Compliance monitoring activities were focused on large employers and a total of 6,564 audits were completed. The sum of \$932,611.54 was recovered from 30 defaulting employers and 20 new defaulting employers' records were referred to external Attorneys for commencement of litigation proceedings.

Executive Director's Report

Investment Returns

Net Investment Income realised was \$869 million, or 13.15% higher than last year. While unrealised or fair value losses on local equity investments amounted to \$133 million, this was considerably lower than the fair value losses incurred in 2006.

Despite challenging conditions of high liquidity, we achieved a net realised investment portfolio return of 7.23%. This resulted in a rolling five-year average return on the Total Portfolio of 9.08 %, and average return on Realised Income of 7.72%.

The Investment Portfolio

In the early half of the year, recommended revisions to the First Schedule of the NI act were approved. The amended schedule allowed the Board to take advantage of new investment opportunities and deepen investments in financial instruments that matched our investment strategy. As a result, we increased our shareholdings in major banks locally and made our first investment into the Energy Sector by acquiring 12% Cumulative Preference Shares in World GTL Trinidad Ltd who are in the process of setting up a gas to liquids plant in Pointe-à-Pierre.

Real Estate

We also continued investments in Real Estate acquisition and development as shown below:-

Riverwoods

Riverwoods is a major investment in middle-income housing undertaken by the Board. This \$167 million project will be a gated community of 275 housing units on approximately 50 acres of land adjacent to Cleaver Woods Park in D'Abadie. The housing unit range includes single family homes and townhouses. Recreational facilities will also be provided within the development. Infrastructural works are practically completed. Twenty-two housing units were completed and finishing touches were being applied to another 30 units at year end. Phase I of this development is expected to be completed and delivered to homeowners in the second quarter of the next financial year.

Savannah East Development

The NIBTT Savannah East Development project in Port of Spain has been advanced by the appointment of GENIVAR Trinidad and Tobago as Development Manager.

Chaguanas

The Board completed negotiations for and acquired 90,571 square feet of land at Mulchan Seuchan Link Road, Chaguanas for commercial development. We have made the necessary preparations to invite expressions of interest early in the Board's next financial year from property developers for the development of this site. Another key acquisition is currently being pursued in Chaguanas.

Overseas Investments

The biggest buffer to our local investments, however, came from our overseas investments. During this year, these investments generated a return of 23%. They have produced an average annual return of 13% since our entry into the foreign market in 2004.

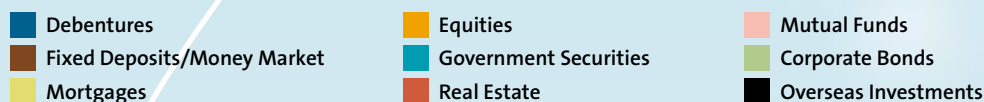
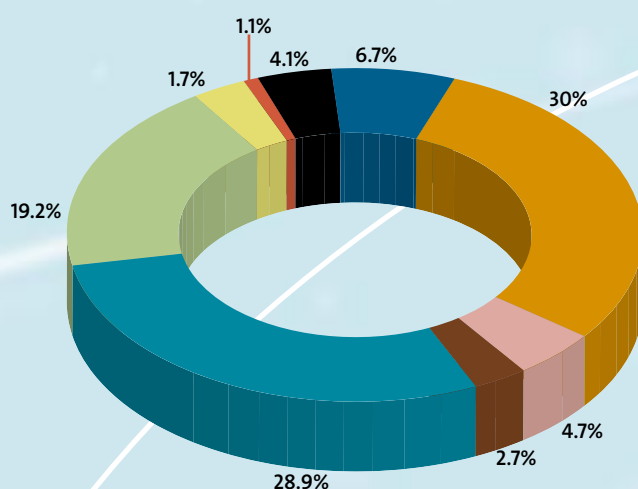
Portfolio Mix

These and other initiatives led to some shifts in the portfolio mix resulting in the percentage held in equities exceeding Government Securities. Valued at cost, local equities accounted for the largest share (30%) of the investment portfolio at June 30, 2007. This was followed by government securities at 28.9% and corporate bonds at 19.2%. Lesser assets included debentures at 6.7%, mutual funds at 4.7%, overseas investments at 4.1%, fixed deposits at 2.7%, mortgages at 1.7%, and real estate at 1.1%. The effect of our financial initiatives is reflected in the appreciation of our holdings in local equities, which accounted for 38% of the investment portfolio at market value.

“ **Total Administrative Expenses was \$106 million or 7.06% of Contribution Income. This cost to contribution ratio is amongst the best in the English-speaking Caribbean** ”

Executive Director's Report

Investment Portfolio Mix as at June 30, 2007



Expenses

This year, a total of \$1.039 billion was paid out in benefits, of which \$912 million or 88% was in respect of long-term benefits, \$90 million or 0.9% in short-term benefits and \$37 million or 4% in employment injury benefits. Expenditure in the long-term branch increased the most by \$32 million or 2.8% over last year's figure.

Total Administrative Expenses was \$106 million or 7.06% of Contribution Income. It is reflective of NIBTT's constant vigilance to ensure cost effectiveness. This cost to contribution ratio is amongst the best in the English-speaking Caribbean.

SEVENTH ACTUARIAL REVIEW

Existing System

In 2006 February, the ILO was contracted to conduct the Seventh Actuarial Review of the NI system as at June 30, 2005. The review considered the financial soundness of the NI system, relevance of benefits provided, social partners' requests, the economic climate, projected demographics with particular reference to the impact of an aging population on the long-term sustainability of the NI system and the financing arrangements.

In June 2007, the Actuaries visited Trinidad and presented the final report to the Board

of Directors of NIBTT and to key stakeholders representing business and labour. The report showed the NI system to be financially sound, but noted that the NIBTT must begin implementing reform measures to manage the impact of an aging population on the long-term financial sustainability of the Fund.

The NIBTT reviewed the ILO's report and presented its recommendations to the Honourable Prime Minister and his Finance and Planning Ministers. In its recommendations, the NIBTT challenged itself to maximise returns from investments as a means of ensuring that meaningful benefits were provided at affordable contribution rates. The Board's recommendations have since been accepted by the Government and are to be implemented from January 2008.

Extension of Coverage to the Self-Employed

The NIBTT is committed to providing coverage to the self-employed and has engaged the ILO to assist it in defining the coverage parameters and systems that must be provided to ensure that the NIBTT adequately serves this group. To date, research into the informal sector, development of an orientation paper and the review of NIBTT's operations to assess its readiness to provide coverage to the self-employed have been completed.

Executive Director's Report



A cross-section of NIBTT's Executive and Senior Management at Leadership Development Programme.

EMPLOYEE GROWTH AND DEVELOPMENT

The NIBTT continued to place great emphasis on the training and development of its most important and unique asset – its human resource, in order to nurture excellence in service delivery and the achievement of corporate strategies and objectives.

To this end, 25 of NIBTT's current and potential managers participated in the Second Managerial Development Programme which was successfully completed in June 2007. The Executive and Senior Management team began a Leadership Development Programme geared towards developing the organisation's future leaders.

In addition, 51 training programmes were conducted for 670 participants during the year and nine applications for study loans were approved.

Performance Management

The Board introduced a revised Performance Management and Pay for Performance System, which allows employees to link their job performance with the broader organisational strategies and objectives. Management and staff were introduced to these programmes in mid-2007. The system will be piloted, tested and evaluated in the coming year and any necessary adjustments made before full implementation.

Staff Compensation, Health and Safety

Negotiations for revised Collective Agreements for staff in Bargaining Units A and B for the period January 2005 to December 2007 commenced and are expected to be completed early in the new financial year.

The Health and Safety of NIBTT's staff also continued to be of paramount importance. In this regard, NIBTT commissioned risk assessments of all facilities and established a Health and Safety Committee with representation from the management and the representative staff Trade Union. The NIBTT also engaged KARE Services Limited to support a comprehensive Employee Assistance Programme, which will be formally introduced to employees in the coming year.

“ 51 training programmes were conducted for 670 participants during the year and nine applications for study loans were approved ”

Executive Director's Report



A cross-section of staff at NIBTT's Corporate Retreat in August 2006.

35TH ANNIVERSARY CELEBRATIONS

Staff Retreat

The first major event of the anniversary celebrations was the 35th Anniversary Staff Retreat, which was held on Saturday August 26, 2006 at the Chaguaramas Convention Centre. At this well-attended event, the Board of Directors, Executive Management and staff reflected on the NIBTT's performance over the last 35 years and presented plans for the immediate future.

At this retreat the Executive Director presented a dissertation on the prevailing social and economic environment of the 1960s and the steps taken by the then Government of Trinidad and Tobago to bring the NI system into being. He further stated that the words of our first Prime Minister, Dr. Eric Williams, at the formal opening of NIBTT's Head Office on November 17, 1979 remains as true today as they were when spoken: *"We are here to pay tribute to one of the success stories of Trinidad and Tobago... National Insurance... has made an enormous contribution... to the happiness and welfare of our population."*

Interfaith Service

The Staff Retreat was followed by an Interfaith Service, which was held on Sunday April 21, 2007. At this event, the Trinity Cathedral in Port of Spain was filled to capacity as members of Government; the Board of Directors; Management and staff accompanied by their families; past employees and insured persons came together to thank God for the service that the NIBTT has provided and for those who provided it. We asked for His continued guidance in ensuring that the NIBTT continued to grow and remain true to the principles of social insurance and service in which it is grounded.

Following this service, hampers were donated to charitable institutions throughout Trinidad and Tobago. These hampers were donated by the collective effort of the Board's staff.

35th Anniversary Awards Ceremony

Another highlight of the 35th Anniversary celebrations was the Staff Awards Ceremony, which was held on Saturday April 22, 2007 at the Dr Joao Havelange Centre in Macoya. Over 1,000 persons attended this event. Included among the guests were past Chairmen and Board Members, the first Executive Director, Mr Lennox R.H. Paul, Executive Managers and Staff. Awards were presented to employees whose service ranged from 15 to 35 years as well as to past Directors and Executive Managers. A Special award was presented to the first Executive Director, Mr Lennox R. H. Paul.

Customer Appreciation Days

As part of our Customer Care philosophy, the Board hosted a Customer Appreciation Day at each of its locations during the two months of April and May 2007. Hampers were donated to special customers by staff using their own resources.

Executive Director's Report

REFLECTIONS ON OUR ACHIEVEMENTS

On April 10, 2007, the NIBTT completed 35 years of operation of the National Insurance System in Trinidad and Tobago. From modest beginnings in 1972, the NIBTT has grown into a sophisticated social insurance organisation providing meaningful benefits and efficient customer service from its 15 conveniently located service centres throughout Trinidad and Tobago.

Over this period, recognition of the importance of the NIBTT to the overall socio-economic development of the country has increased tremendously. Not only has the organisation touched the individual lives of hundreds of thousands of our citizens but the NIBTT has also become a major financial player in the country. Some of the landmark developments over the 35 years are:

- Coverage of 501,450 employed persons, some 84% of the Central Statistical Office's estimate of the working population (i.e. employees and self-employed)
- Annual provision of benefits to over 100,000 persons since the 2000 financial year. In 2007, this number reached 131,718, contrasting significantly with fewer than 2,000 beneficiaries in 1973
- Annual Benefit payouts of over \$1 billion since 2006. This figure was \$1.04 billion in 2007, compared to the payout of \$638,127 in 1973
- Types of Benefits increased from two – Funeral and Retirement Grants – at the beginning of NIBTT's operations, to 23 benefits ranging across the major groupings of Sickness, Maternity, Invalidity, Employment Injury, Retirement, Death and Survivors Benefits.
- Guaranteed Relevant and Accessible Benefits through the implementation of recommendations arising out of periodic Actuarial Reviews. Benefits are increased to at least compensate for inflation in inter-valuation periods and eligibility

“Because of the proactive measures being taken now by the Board, the NIS will continue to provide efficient service and relevant benefits at affordable rates for future generations of contributors and their dependents.”

criteria reviewed to improve accessibility. In financial year 2004, a \$1,000 monthly minimum retirement pension was implemented along with minimum monthly pensions of \$320 and \$640 per Child or Orphan respectively.

- Contribution Income received annually crossed the billion-dollar mark in 2005. This now stands at \$1.5 billion in 2007 or 31.5 times the 1973 contribution income of \$47.6 million.
- Investment Yield over the last five years on the total portfolio averaged 9.08 % annually, and on Realised Income 7.72%.
- Administrative Expenses as a percentage of contribution income has been reduced to 7.1% or less over the last 3 years.
- Total Funds as at June 30, 2007 stood at 14.3 billion, or about 10% of the projected GDP of Trinidad and Tobago in 2007 and almost 268 times the \$53.3 million in Total Funds as at June 30, 1973.
- Customer Satisfaction rating by employees, beneficiaries and employers now stands at 79%.

Because of the proactive measures being taken now by the Board, the NIS will continue to provide efficient service and relevant benefits at affordable rates for future generations of contributors and their dependents.

Executive Director's Report

REGIONAL AND INTERNATIONAL RELATIONS

This year the 18th Meeting of the CARICOM Heads of Social Security was held in St Vincent and the Grenadines from June 11-13, 2007. Among the several issues considered were the impact of the Aids pandemic on the social security systems; review of the Reciprocal Agreement and the experience of the various systems in administering it; a regional training plan for the next triennium, development of a regional research capability and the pooling of funds for investment in the regional and foreign markets. Following the conclusion of that meeting, Public Relations Managers of the regional social security systems met to discuss ways in which the Reciprocal Agreement can be promoted throughout the region so that migrant workers could be aware of the protection offered by the agreement.

INTERNATIONAL RESEARCH

A technical paper prepared by the NIBTT's Planning and Research Department was accepted for presentation at the 5th

International Research Conference on Social Security which was held in Warsaw, Poland. The paper – "Investigating Informal employment and its implications for closing the coverage gap in Trinidad and Tobago" – was presented as part of a session entitled "Addressing the coverage gap in informal employment."

The presentation involved sharing NIBTT's research experience in an international forum of social security experts. It provided high visibility for the NIBTT in an established and well-regarded international forum. It also ensured regional representation since this was the only paper presented from the Caribbean.

CARICOM SOCIAL SECURITY CRUISE

The CARICOM Social Security Sports and Cultural clubs met for an Easter Cruise as a departure from the annual regional games. This change was deemed necessary because of the Cricket World Cup that was held within the region. Trinidad and Tobago had the largest contingent with 120 persons participating in the three-day cruise.



Team Trinidad and Tobago aboard the Royal Caribbean "Empress of the Seas" at the CARICOM Social Security Easter Cruise 2007.

Executive Director's Report



Staff of the Legal and Corporate Communications Business Unit got together to produce a hamper that they donated to the Jaya Laskhmi Children's Home in Longdenville.

BEYOND SOCIAL INSURANCE

Beyond the scope of its legislative mandate, the NIBTT continues to make its contribution to the formulation of wider social policy through its participation in the work of various bodies. These include the "Labour and Social Security Sub-Committee" of Government's Vision 2020 Committee; the Cabinet-Appointed Working Group on Pension Reform; the Government-appointed Steering Committee to oversee the development of a National Health System and the Financial Literacy Programme. In respect of the National Health System, it is expected that NIBTT will play a key role in its implementation and administration.

“ Our ability to deliver benefits to the insured population without default over the last 35 years is due to the hard work, professionalism and dedication to service-excellence exhibited by our staff ”

Executive Director's Report

APPRECIATION

The NIBTT has grown and adapted over the 35 years of its existence to meet successfully the changing needs of its stakeholders who are now more knowledgeable and recognise the value of the National Insurance system. In this context, the Board is now focused on leveraging its information and communications technology to expand the service options available to customers.

It has faced economic, technological, social and cultural challenges head-on and has successfully lived up to stakeholders' expectations. This achievement has only been made possible as a result of the dedication and commitment shown by employees at all levels of the NIBTT's team, and the employers who are now more supportive of and compliant with the requirements of the system.

The tripartite Board of Directors, its committees and the management continued to work effectively together to advance the NIS and to protect and promote the interest of stakeholders.

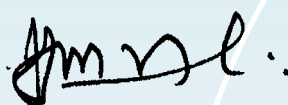
It is in the context of the Board's effective stewardship that I thank our Chairman, Mr Calder Hart, and members of the Board of Directors and its various committees, for their solid contribution to ensuring that the NIBTT continued to fulfil its mandate through good corporate governance and sound policies.

I express heartfelt thanks for the support, dedication and steadfastness of the management team who spared no effort in getting the job done, all in a spirit of excellence.

Undoubtedly, the improvements in the NIBTT's performance for the financial year just ended and moreover, our ability to deliver benefits to the insured population without default over the last 35 years is due to the hard work, professionalism and dedication to service-excellence exhibited by our staff. Thank you for the tangible demonstration of your commitment.

I wish to record special thanks to employers, not only for the high level of compliance exhibited during the year, but for participating in our focus groups, making recommendations for improving the National Insurance System and supporting the reform measures to be implemented in January 2008.

Finally, I express sincere thanks to all our other valued customers who continue to provide the impetus in our quest for even higher levels of excellence as we set new benchmarks for others to follow. At the NIBTT, we believe that taking care of business is synonymous with taking care of you! Thank you for helping us to keep focused on our goal to provide reliable and courteous service and benefits that make a difference in your life.



Jeffrey A. Mc Farlane
Executive Director

PORT OF SPAIN

CUSTOMER SERVICE



IN SERVICE CENTER APPRECIATION DAY



Investment Committee



Calder Hart (*Chairman*)



Robert Guiseppi (*Labour*)



Joan John (*Government*)



Peter Clarke (*Business*)



Michael Annisette (*Labour*)

Investment Committee



Jeffrey A. Mc Farlane
Executive Director



Ian Pemberton
Executive Manager, Investments,
Finance & Business (*Ex-officio*)



Ruben Mc Sween (*Business*)



Hazel Marcelle (*Government*)

Executive and Senior Management Team



Jeffrey A. Mc Farlane
Executive Director



Lorna Charles
Executive Manager
(Insurance Operations)



Niala Persad
Executive Manager
(Legal Services/Corporate Secretary)

National Insurance Board Senior Management Team

- Aftab Ali** – Actuarial Analyst
- Esther Charles** – Manager Business Services
- Karen Davis-Holder** – Financial Accountant
- Margaret De Landro** – Area Operations Manager
- Ramdath Doobraj** – Mortgage Analyst
- Elton Doyle** – Manager Employee and Industrial Relations
- Pat George-Lezama** – Area Operations Manager
- Emrice Henry** – Area Operations Manager
- Annabelle Holder** – Senior Investment Analyst
- Sean Mc Millan** – Area Operations Manager
- Sherry Mc Millan** – Manager Corporate Communication
- Susan Nelson-Mc Conney** – Project Manager Insurance Operations
- Mikhail Noel** – Manager IT Development
- Irwin Ottley** – Internal Auditor
- Patrick Samuel** – Manager Research & Development
- Ramlakhan Seecharan** – Manager IT Infrastructure
- Greta Stephen** – Legal Officer
- Kendra Thomas** – Legal Officer
- Patricia Villaruel** – Manager Insurance Operations



Cherry-Ann Critchlow-Cockburn
Executive Manager
(Human Resources)



Karen Gopaul
Executive Manager
(Planning and Technology)



Ian Pemberton
Executive Manager, Investments,
Finance & Business

Board Committees

Human Resources Committee

Mr Alva Allen - Chairman
Mr Henry Sealy - Member
Mr Walton Hilton-Clarke - Member
Executive Director - Member
Executive Manager, Human Resources
- Ex-officio

Audit Committee

Ms Inez Sinanan - Chairman
Mr Walton Hilton-Clarke - Member
Mr Rudranath Indarsingh - Member
Executive Director - Member
Internal Auditor - Ex-officio

Tenders Committee

Mr Seeram K. Maharaj - Chairman
Mr. Henry Sealy - Member
Mr Alva Allen - Member
Executive Director - Member
Executive Manager, Investments, Finance & Business,
- Ex-officio

Computer Projects

Implementation Committee

Mr Ruben Mc Sween - Chairman
Ms Joan John - Member
Mr Rudranath Indarsingh - Member
Executive Director - Member
Executive Manager, Planning & Technology
- Ex-officio

Finance Committee

Mr Calder Hart - Chairman
Mr Michael Annisette - Member
Mr Seeram K. Maharaj - Member
Ms Joan John - Member
Executive Director - Member
Executive Manager, Investments,
Finance & Business - Ex-officio

Pension Plan Committee

Mr Henry Sealy - Chairman
Ms Lorna Charles - Board Representative
Ms Cherrie-Ann Crichlow-Cockburn -
Executive Manager, Human Resources - Board Representative
Ms Emrice Henry - Members' Representative
Mr Sherwin Williams - Members' Representative

Investment Committee

Mr Calder Hart - Chairman
Ms Joan John - Member
Ms Hazel Marcelle - Member
Mr Ruben Mc Sween - Member
Mr Peter Clarke - Member
Mr Michael Annisette - Member
Mr Robert Guiseppi - Member
Executive Director - Member
Executive Manager, Investments, Finance & Business
- Ex-officio

Land Development Committee

Ms Joan John - Chairman
Mr Seeram K. Maharaj - Member
Mr Rudranath Indarsingh - Member
Executive Director - Member
Executive Manager, Investments, Finance & Business,
- Ex-officio

Seventh Actuarial Review Committee/National Health Insurance System Committee

Mr Calder Hart - Chairman
Mr Walton Hilton-Clarke - Member
Mr Alva Allen - Member
Ms Joan John - Member
Executive Director - Member
Executive Manager, Planning & Technology
- Ex-officio

The Corporate Retreat



NIBTT Chairman checks out one of the goodies in his Corporate Retreat bag whilst other members of the board look on. From left: Ms Joan John, Mr Calder Hart, Ms Inez Sinanan, and Mr Ruben Mc Sween.



Signing in... NIBTT's staff registering for the Corporate Retreat on August 26, 2007.



Members of staff praying for God's blessings on the organisation for another 35 years. From left: Ms Angela Buchoon (Hindu); Ms Fatima Ackaloo (Muslim); Mr Marlon Pantin and Ms Gail Daniel (Christian).



Talking achievement... (from left) Mrs Cherrie Ann Crichlow-Cockburn (Human Resources); Mr Ian Pemberton (Finance) and Mrs Patricia Villaruel (Insurance Administration).



A cross-section of the staff at the Corporate Retreat.



Other presentations at the Retreat were made by (from left) Mr Calder Hart (Chairman); Ms Niala Persad (Legal/Corporate Secretary); Mr Patrick Samuel (Planning and Development) and Mr Jeffrey McFarlane (Executive Director).

The Corporate Interfaith Service



Senate President The Honourable Dr Linda Baboolal and NIBTT Executive Director Jeffrey Mc Farlane.



NIBTT Chairman Calder Hart greets Directors Ruben Mc Sween, Inez Sinanan and Rudranath Indarsingh.



Sticking of the 35th Anniversary cake.



Former NIBTT Chairman Mr Kenneth Henry and his wife Wilma chat with NIBTT Medical Advisor Dr Harold Hamilton and his wife Stella.



A cross-section of guests at the Interfaith Service reception.



Another cross-section of guests at the Interfaith Service.

The Awards Ceremony

Honouring Former Directors and Executive Management



NIBTT's first Executive Director Mr Lennox Paul (centre) as he attends the 35th Anniversary Awards Ceremony. At right is his son Brian Paul and at left, Mr Jeffrey Mc Farlane, current Executive Director.



Former Directors of the National Insurance Board who attended the Awards ceremony were presented with tokens of appreciation for their contribution to the NIBTT over its 35 years. In photo from left: Ms Juliet Lewis, Mr Hendrickson Sieunath and Ms Louise Horne, a member of the first Board of Directors.



Other Directors receiving awards were Former Chairman Mr Kenneth Henry, and former Board members Mr Terrance Chang and Mr Jairam Ramkissoon.



Former Executive Managers – In photo from left: Mr Eugene Lopez, former Controller Human Resources, Mrs Bertille Allahar, former Controller Planning and Research, and Mr Trevor Nelson, former Corporate Secretary.



More Executive Managers were also honoured – Mr Earle Carter, former Manager Human Resources, Ms Cynthia Harewood, former Deputy Executive Director, and Mrs Lilah Samjitsing, former Executive Manager Insurance Administration.

The Awards Ceremony

Honouring 35 Years of Dedicated Service



Angela Ahyew, Margaret Delandro and Lenore De Bourg.



Barbara Gaffoor Rahim, Nahun Forde and Gerald James.



Cheryl Mottley, Edwin Job and Joseph Mendoza.



Glenda De Couteau, Gookool Seemungal and Eileen Singh.



Frank Richardson, Ziqrun Ramkissoo and Savitri Sahatoo.



Lennox Williams and Patricia Villaruel.

Customer Appreciation



A customer at San Fernando Service Centre receives a hamper produced from contributions made by staff members. Making the presentation is Ms Evita Pouching.



Manager and staff of St James Service Centre present a hamper to a representative of Christ Child Convalescent Home for Children in Diego Martin.



Just a touch of customer care at Arima's Customer Appreciation Day.



Area Manager Emrice Henry, right, and Couva Service Centre Manager Chanrouti Ramsaroop look on as customers receive health care services at the Customer Appreciation function.

Year in Review



Staff enjoying the Annual Christmas dinner.



Catching a rhythm at the Executive Director's Old Year's Lime.



Members of the St James Service Centre winning football team with their cheerleaders.



Santa Claus presenting gifts at the Annual Children's Christmas Party.



Juneth Thomas, left, and Darcell Lovell launch customer care at the Corporate Retreat on August 26.



Mr Lloyd Ramkissoon addressing Compliance Staff on the achievement of new compliance initiatives.

Auditors' Report

as at June 30, 2007

INDEPENDENT REPORT OF THE AUDITORS TO THE DIRECTORS OF THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

We have audited the accompanying financial statements of The National Insurance Board of Trinidad and Tobago ("the Board") which comprise the non-consolidated balance sheet as at June 30, 2007 and the non-consolidated revenue and expenditure accounts and 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 fair presentation of these financial statements to be ultimately laid before Parliament as required by the National Insurance Act. These financial statements have been prepared under the accounting framework as described in Note 4. This responsibility also includes: designing, implementing and maintaining internal controls 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.

Auditors' Responsibility

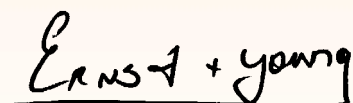
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 auditors' judgement, 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 for 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 financial statements give a true and fair view of the financial position of the Board as of June 30, 2007 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies as set out in Note 4 of these financial statements.

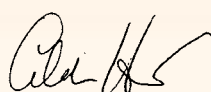


Port of Spain,
TRINIDAD:
September 14, 2007

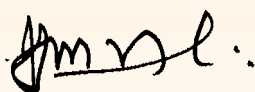
Balance Sheet

as at June 30, 2007

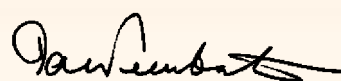
	Notes	2007 \$'000	2006 \$'000
Assets			
Fixed assets	5	98,402	82,786
Investment properties	6	137,155	142,971
Pension asset	7	266,872	241,124
Investment in subsidiary companies	8	32,190	32,190
Investments held-to-maturity	9	6,920,165	6,767,818
Mortgage advances	10	95,339	108,359
Investments available-for-sale	11	5,793,027	5,210,505
Investments at fair value through profit and loss	12	519,011	441,997
Inventory		70,231	38,147
Fixed deposits		1,344	360,586
Other assets	13	424,071	407,417
Cash and cash equivalents	14	398,116	157,045
Total assets		14,755,923	13,990,945
Funds, reserves and liabilities			
Long-term benefit fund	15	9,116,174	8,799,344
Short-term benefit fund	16	112,230	104,773
Employment injury benefit fund	17	298,628	301,188
Total funds		9,527,032	9,205,305
Accumulated reserve	18	3,248,429	2,309,759
Revaluation reserve	19	1,506,035	1,642,599
Total funds and reserves		14,281,496	13,157,663
Other liabilities	20	89,427	98,282
Borrowings	21	385,000	735,000
Total funds, reserves and liabilities		14,755,923	13,990,945



: Chairman



: Executive Director



: Executive Manager
Investment, Finance and Business

Revenue and Expenditure Accounts

for the year ended June 30, 2007

LONG-TERM BENEFIT FUND

	2007	2006		2007	2006
	\$'000	\$'000		\$'000	\$'000
Revenue					
Fund at July 1	8,799,344	8,341,065	Expenditure		
Contribution income	1,277,052	1,167,216	Benefits incurred	911,616	879,934
Penalty income	15,466	6,228	Administrative expenses	102,042	93,016
			Transfer to		
Pension asset income	24,612	39,626	accumulated reserve	810,971	516,070
Investment and other income	824,329	734,229	Fund at June 30	9,116,174	8,799,344
	10,940,803	10,288,364		10,940,803	10,288,364

SHORT-TERM BENEFIT FUND

Revenue					
Fund at July 1	104,773	92,812	Expenditure		
Contribution income	135,217	123,588	Benefits incurred	89,783	83,818
Penalty income	184	69	Administrative expenses	1,215	1,036
			Transfer to		
Pension asset income	293	441	accumulated reserve	46,412	35,453
Investment and other income	9,173	8,170	Fund at June 30	112,230	104,773
	249,640	225,080		249,640	225,080

EMPLOYMENT INJURY BENEFIT FUND

Revenue					
Fund at July 1	301,188	283,638	Expenditure		
Contribution income	90,145	82,392	Benefits incurred	37,328	37,648
Penalty income	529	212	Administrative expenses	3,493	3,163
			Transfer to		
Pension asset income	842	1,347	accumulated reserve	81,287	50,557
Investment and other income	28,032	24,967	Fund at June 30	298,628	301,188
	420,736	392,556		420,736	392,556

Statement of Cash Flows

for the year ended June 30, 2007

	2007 \$'000	2006 \$'000
Cash flows from operating activities		
Contribution income	1,502,414	1,373,196
Investment and other income	861,534	766,596
Penalty income	16,179	6,509
Benefits expenditure	(1,038,727)	(1,001,400)
Administrative expenses	(106,750)	(96,445)
Adjustment for depreciation	5,654	6,261
Adjustment to provision for doubtful debts	(16,868)	(3,645)
Increase in amounts owed	(16,654)	(69,425)
(Decrease)/increase in amounts due	(358,855)	785,612
	<hr/>	<hr/>
Net cash flows from operating activities	847,927	1,767,259
Cash flows from investing activities		
Purchase of fixed assets	(25,084)	(3,509)
Purchase of investments	(5,875,293)	(7,694,183)
Sale/maturity of investments	5,297,277	5,191,721
	<hr/>	<hr/>
Net cash used in investing activities	(603,100)	(2,505,971)
Net increase/(decrease) in cash and cash equivalents	244,827	(738,712)
Cash and cash equivalents at the beginning of the year	144,955	883,667
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	389,782	144,955
	<hr/>	<hr/>
Cash and cash equivalents are comprised of:		
Cash and bank balances (including fixed and call deposits)	398,116	157,045
Bank overdraft	(8,334)	(12,090)
	<hr/>	<hr/>
	389,782	144,955
	<hr/>	<hr/>
Supplemental information:		
Dividends received	195,633	168,281
Interest paid	39,248	11,098
Interest received	606,532	550,532

The accompanying notes on pages 46 to 60 form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended June 30, 2007

1. Incorporation and principal activity

The National Insurance Board of Trinidad & Tobago (“the Board”) was incorporated under Act No. 35 of 1971 (The National Insurance Act), as subsequently amended, and commenced operations in 1972. The principal activity of the Board is to carry out the requirements of the National Insurance Act in providing social security benefits to the insurable population of Trinidad and Tobago. The registered office is located at 2a Cipriani Boulevard, Port of Spain, Trinidad and Tobago.

The financial statements of the Board for the year ended June 30, 2007 were authorised for issue by Management on September 14, 2007.

2. Actuarial review

Section 70 (1) of the Act requires an actuarial review of the National Insurance System at five-yearly intervals.

The Sixth Actuarial Review of the National Insurance System was completed by an independent actuary who concluded, “the current position of the NIS is very favourable.” It was also indicated that “the NIS is in a good position to put in place strategies to deal with the future demographic bulge.”

In general, contribution payments and benefit calculations are based on a system of wage classes. The contribution amount is paid by the employer and the employee in a proportion of two-thirds/one-third. Benefits are grouped into three funds: long-term benefits, short-term benefits and employment injury benefits. Each fund is credited with contribution income and investment income, from which benefit expenditures and administrative expenses are met.

Allocation of the total funds was modified in 1991 with the creation of a fourth reserve fund that is the accumulated reserve. Any excess or shortage in any of the three funds – long-term benefit fund, short-term benefit fund and employment injury benefit fund – is transferred to or from the accumulated reserve. Any administrative expense in excess of the ceiling (refer to Note 21) is charged against the accumulated reserve.

Further, the Actuary made the following recommendations in the Sixth Actuarial Review:

1. The ratio of the contributions paid by employee to those paid by employer, 1:2 should be maintained.
2. Contribution income be distributed between the funds in the following ratio – long-term 85%; short-term 9%; employment injury 6%.
3. Benefit levels ought to be revised upwards.

The Actuaries have disclosed several main findings, which assumed no changes to the existing contribution and benefit rates, including:

- As at June 30, 2000, there was a significant balance in the NIS funds and the contribution income exceeded the expenditure by a considerable amount. The average fund (i.e. the total of all funds and reserves) for the fiscal year 2000, stood at 14.3 times the actual expenditure.
- With the current contribution rate of 8.4%, the ratio of the average fund to annual expenditure is estimated to peak at 24.9 in 2010/11 and then fall to less than 1 (i.e.) 0.7 by 2044/45. This means that the NIS can continue to operate at the current contribution rate for the next 40 years. However, by 2043/44 a large increase in the contribution rate will be required to sustain the NIS fund thereafter.
- The current contribution rate of 8.4% is twice the contribution rate required on a strict Pay-As-You-Go (PAYG) basis to meet current expenditure under the NIS.

Notes to the Financial Statements

for the year ended June 30, 2007

2. Actuarial review (continued)

- The Fund as at July 1, 2000 was 76% of the fund that is required if accrued benefits were fully funded and the deficit in the Fund (on a fully-funded basis) was \$1,996 million.

These findings were reported based upon the premise of a series of “Base Scenario” assumptions including:

- No changes to existing contribution or benefit rates;
- Full indexation of contribution and benefit rates to inflation;
- A 6% average annual investment rate of return;
- A 4% average increase in prices and earnings.

The Seventh Actuarial Review as at June 30, 2005 was completed in June 2007. This review outlined a wide range of matters for consideration with respect to the medium- and long-term health of the Board. The Directors have approved a series of specific recommendations stemming from this report. These recommendations have not been implemented in these financial statements as they are pending Parliamentary approval.

3. Legislative amendments

Contributions

Employer/employee contributions increased in January 2006, in accordance with the Parliamentary approved recommendations of the 6th Actuarial review of June 2000.

Investments

Schedule I of the National Insurance Act was amended to broaden the scope of investments that the Board can participate in.

4. Statement of accounting policies

(a) Basis of accounting

These non-consolidated financial statements are prepared on the historical cost convention, except for the valuation of available-for-sale and at fair value through profit and loss investments, investment properties, artwork and freehold and leasehold properties. They have been prepared in accordance with the accounting policies described below and no account is taken of the effect of inflation. These accounting policies are consistent with International Financial Reporting Standards, except that consolidated financial statements have not been prepared.

The preparation of the financial statements, in conformity with the accounting policies described below, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

(b) Significant accounting judgements and estimates

In the process of applying the Board's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates is as follows:

Impairment of financial assets

Management makes judgements at each balance sheet date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Notes to the Financial Statements

for the year ended June 30, 2007

4. Statement of accounting policies (continued)

(b) Significant accounting judgements and estimates (continued)

Valuation of investments

The Company has applied IAS 39 in its classification of investments securities which requires measurement of securities at fair value. Fair values are based on quoted market prices for the specific instrument, comparisons with other highly similar financial instruments, or the use of valuation models. Establishing valuations where there are no quoted market prices inherently involves the use of judgement and applying judgement in establishing reserves against indicated valuations for aged positions, deteriorating economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, model risk itself and other factors.

Employee benefits

The cost of the defined benefit staff pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on pension plan assets and future salary increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. See Note 7 for the assumptions used.

Fixed assets

Management exercises judgement in determining whether costs incurred can accrue sufficient future economic benefits to the Board to enable the value to be treated as a capital expense. Further judgement is used upon annual review of the residual values and useful lives of all capital items to determine any necessary adjustments to carrying value.

(c) Fixed assets

Fixed assets are stated at historical cost except for artwork and freehold and leasehold properties which are stated at valuations conducted by independent professional valuers. Freehold and leasehold properties were professionally valued in June 2007 using the investment method. Depreciation is provided on a straight-line basis at varying rates sufficient to write off the cost/market value respectively of the assets over their estimated useful lives.

If an asset's carrying value is increased as a result of a revaluation, the increase is credited directly to equity under the heading revaluation reserve. If an asset's carrying value is decreased as a result of a revaluation, the decrease is debited directly to equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any decrease in excess of this amount is recognised in the revenue and expenditure account.

The rates used are as follows:

Freehold and leasehold properties- 2% on buildings

Improvements to premises:

- | | |
|--------|--|
| Owned | - Equal annual instalments over a period of ten years. |
| Leased | - Equal annual instalments over the period of the lease. |
| Rented | - Where a monthly tenancy applies, in equal annual instalments over three years. |

Furniture and fixtures/machinery and equipment - 7.5% - 25%

Motor vehicles/artwork - 25%

Notes to the Financial Statements

for the year ended June 30, 2007

4. Statement of accounting policies (continued)

(d) Basis of allocation, etc.

Contribution income and other income have been allocated to the various fund accounts on the basis set out in the Sixth Actuarial Review.

i. Contribution income

Contribution income is allocated as follows:

	2007 %	2006 %
Long-term benefit fund	85	85
Short-term benefit fund	9	9
Employment injury benefit fund	6	6
	<hr/>	<hr/>
	100	100

ii. Other income

Other income comprising investment income less expenses, penalty income and pension asset income is allocated to the benefit funds in the ratio of their opening balances. Investment expenses comprise direct staff costs and overhead expenses of the investments department and other direct expenses including mortgage management fees and provisions for diminution in value of investments.

iii. Fund ratios

Based on the recommendations of the Sixth Actuarial Review, the Board implemented the following: short-term benefit fund and employment injury benefit fund balances will be maintained at 1.25 times and 8 times the respective benefits incurred during the current year, while the long-term benefit fund balance represents 10 times the long-term benefits incurred during the year.

These fund allocations are based solely on the ratios recommended by the Independent Actuary, and do not represent the Board's liability to beneficiaries at June 30, 2007.

iv. Accumulated reserve

The Board has also decided that surpluses or deficits arising from the operation of the Funds as described above, together with any excess of administrative expenses and significant prior year adjustments, may be transferred to or from the accumulated reserve which will be held as a reserve for future contingencies.

(e) Investment properties

Investment properties are properties held by the Board to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value based on valuations conducted by an independent professional valuator. Gains and losses arising from the change in fair value are included in the revenue and expenditure accounts.

The valutors have adopted the investment method of valuation and assumed good title, vacant possession and no unduly restrictive covenants or onerous or unusual outgoings running with the land.

Notes to the Financial Statements

for the year ended June 30, 2007

4. Statement of accounting policies (continued)

(f) Financial instruments

The Board's financial assets and financial liabilities are recognised in the balance sheet when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where the Board has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All "regular way" purchases and sales are recognised at settlement date.

(g) Investment securities

Investment securities are classified as available for sale, held to maturity and at fair value through profit and loss. This classification is determined by management at the time of purchase.

i. Available-for-sale investments

Available-for-sale investments comprise securities which are intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity, changes in interest rates or equity prices. Investments classified as available for sale are measured at their fair values based on quoted market prices and gains and losses on remeasurement recognised directly in the revaluation reserve until sold, collected or otherwise disposed of.

Investments in unquoted equities, which do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are inappropriate, are carried at cost.

ii. Held-to-maturity investments

These comprise fixed or determinable income securities which the Board has the positive intent and ability to hold to maturity. Investments classified as held to maturity are measured at amortised cost less any impairment losses.

iii. Financial assets at fair value through profit and loss

These comprise financial assets held for trading and those designated at fair value through profit and loss at inception.

These investments are initially recognised at fair value and are continuously remeasured at fair value based on published market quotations. Any gains or losses arising on remeasurement are recognised in the revenue and expenditure accounts.

(h) Mortgage advances

Mortgage advances are financial assets with fixed or determinable payments. These are measured at amortised cost less provisions for impairment.

(i) Impairment of financial assets

Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

A mortgage advance is classified as impaired (non-performing) when there is objective evidence that the Board will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of the Board such as:

Notes to the Financial Statements

for the year ended June 30, 2007

4. Statement of accounting policies (continued)

(i) Impairment of financial assets (continued)

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Bankruptcy or reorganisation by the borrower

If there is objective evidence that an impairment loss on mortgage advance has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

(j) Investment in subsidiary companies

Subsidiary companies are companies where the Board holds in excess of 50% of the share capital. These are as follows:

Companies	Percentage ownership
National Insurance Property Development Company Limited (NIPDEC)	100%
Trinidad and Tobago Mortgage Finance Company Limited (TTFM)	51%

In these separate parent financial statements of the Board, these investments are accounted for at cost.

(k) Contribution and benefits

Contribution income is accounted for on the accruals basis to take account of all collections subsequent to June 30 that relate to the current year, and to recognise all known significant receivables.

A provision for benefits is made based on the estimated cost of all benefits approved though not paid at the balance sheet date.

(l) Income recognition

Mortgage interest income

Income from mortgage advances is recognised on an amortised basis. Interest is accounted for on the accruals basis except where a loan becomes contractually six months in arrears at which time the interest is suspended and then accounted for on a cash basis until the loan is brought up to date.

Investment income

Interest income is recognised as it accrues, taking into account that effective yield of the asset or an applicable floating rate. Interest income includes the amortisation of any discount or premium. Investments income also includes dividends. Rental income from investments property under operating leases is recognised as a straight-line basis over the term of the lease.

(m) Administrative expenses

Administrative expenses are accounted for on an accruals basis and are allocated to the benefit funds in the ratio of their opening balances.

Notes to the Financial Statements

for the year ended June 30, 2007

4. Statement of accounting policies (continued)

(n) Foreign currencies

These financial statements are expressed in Trinidad and Tobago dollars. Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the Central Bank of Trinidad and Tobago mid-rate of exchange (average of buying and selling rate) determined at the balance sheet date.

Exchange differences on transactions are recognised through the revenue and expenditure accounts.

(o) Employee benefits

The Board contributes to a defined benefit staff pension plan which covers all qualifying employees. Members contribute 5% (2006: 5%) of their pensionable salaries to the Plan whilst the Board currently contributes 5% (2006: 5%). All permanent employees are eligible for membership and temporary employees under certain conditions.

The pension accounting cost for the pension plan is assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the revenue and expenditure accounts so as to spread the regular cost over the service lives of the employees in accordance with the advice of a qualified actuary who carries out a full valuation of the plan every three years.

(p) Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances and highly liquid investments with a maturity period of three months or less.

(q) Inventory

Inventory is stated at cost and comprises amounts transferred from investment properties due to the commencement of development, with a view to sale. Upon transfer from investment properties, the deemed cost of the inventory was taken as the fair value of the investment property at the date of change in use.

(r) Investment in associates

During the financial year ended June 30, 2007, the Board increased its holding in RBTT Financial Holdings to 69,377,607 shares (2006: 69,230,417 shares), representing 20.18% (2006: 20.15%) of its issued share capital.

The Board does not demonstrate the criteria suggesting the existence of significant influence and is therefore not required to account for its investment in RBTT holdings using the equity method.

This investment is classified as available for sale and carried at fair value based on quoted marked prices. The fair value of the Board's investment in RBTT Financial Holdings Limited amounted to \$2.2 billion at June 30, 2007.

(s) Taxation

The company is exempt from corporation tax as stipulated in Chapter 32:01 of the National Insurance Act of 1971.

Provision for other liabilities

A provision is recognised when the Board has a present legal or constructive obligation, as a result of a past event, which could probably result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

Notes to the Financial Statements

for the year ended June 30, 2007

4. Statement of accounting policies (continued)

(t) Comparative figures

Certain changes in presentation have been made in these financial statements. These changes have no effect on the revenue and expenditure accounts or the accumulated reserve.

5. Fixed assets

	Land & freehold/ leasehold buildings \$'000	Machinery, equipment/ furniture & fittings \$'000	Art & motor vehicles \$'000	Total 2007 \$'000	Total 2006 \$'000
Cost/valuation at beginning of year	75,094	60,565	2,872	138,531	135,282
Additions	22,638	2,055	391	25,084	3,509
Disposal/adjustments	(7,933)	–	(10)	(7,943)	(260)
At the end of year	89,799	62,620	3,253	155,672	138,531
Accumulated depreciation at beginning of year	3,864	50,308	1,573	55,745	49,744
Current year	1,295	3,838	521	5,654	6,261
Disposal/adjustments	(3,197)	–	(932)	(4,129)	(260)
At the end of year	1,962	54,146	1,162	57,270	55,745
Net book value	87,837	8,474	2,091	98,402	82,786

Note:

Valuation of land, freehold and leasehold buildings has been expressed by way of open market values.

Independent professional valuations of the properties of the Board were undertaken in June 2007, and put the market value at \$87.4 million.

6. Investment properties

	2007 \$'000	2006 \$'000
Scarborough Mall	11,155	11,011
Huggins Building	15,000	13,500
Nipdec House	36,000	39,500
Queen's Park East	60,000	52,750
Palmiste Property	15,000	26,210
	137,155	142,971

Rental income from investment properties during the year amounted to \$5.9 million (2006: \$6.1 million). Direct operating expenses incurred on investment properties during the year amounted to \$2.6 million (2006: \$1.8 million).

Notes to the Financial Statements

for the year ended June 30, 2007

7. Employee benefits

The amounts recognised in the balance sheet are as follows:

	2007 \$'000	2006 \$'000
Defined benefit obligation	333,902	334,903
Fair value of assets	<u>(604,417)</u>	<u>(594,041)</u>
Benefit surplus	(270,515)	(259,138)
Unrecognised experience actuarial gains	<u>3,643</u>	<u>18,014</u>
Defined benefit asset	<u>(266,872)</u>	<u>(241,124)</u>

The amounts recognised in the revenue and expenditure accounts are as follows:

	2007 \$'000	2006 \$'000
Current service cost	7,592	6,685
Interest on defined benefit obligation	26,329	21,426
Expected return on plan assets	(57,819)	(58,528)
Amortised net gain	—	(8,390)
Net pension income	<u>(23,898)</u>	<u>(38,807)</u>

Movements in the net asset recognised in the balance sheet are as follows:

Net asset at July 1	(241,124)	(199,710)
Net income recognised in the revenue and expenditure accounts	(23,898)	(38,807)
Contributions	<u>(1,850)</u>	<u>(2,607)</u>
Net asset at June 30	<u>(266,872)</u>	<u>(241,124)</u>

Actual return on pension plan assets:

Expected return on pension plan assets	57,819	58,528
Actuarial gain on pension plan assets	<u>(39,152)</u>	<u>(166,673)</u>
Actual return on pension plan assets	<u>18,667</u>	<u>(108,145)</u>

Principal actuarial assumptions at the balance sheet date:

	2007 %	2006 %
Discount rate	8.8	8.0
Expected return on pension plan assets (net of investment expenses)	9.9	9.8
Rate of salary increases	8.0	7.0
Pension increases	3.0	3.0

The allocations of the plan's assets as at June 30 are as follows:

Equity securities	46.0	45.0
Debt securities	48.0	48.0
Other	<u>6.0</u>	<u>7.0</u>
	<u>100.0</u>	<u>100.0</u>

Notes to the Financial Statements

for the year ended June 30, 2007

8. Investment in subsidiary companies

The investments in NIPDEC and TTMF are carried at cost as at June 30, 2007.

	2007 \$'000	2006 \$'000
NIPDEC	25,000	25,000
TTMF	7,190	7,190
	<u>32,190</u>	<u>32,190</u>

9. Investments held to maturity

Government and public sector investments	3,575,917	3,679,680
Corporate securities	3,344,248	3,088,138
	<u>6,920,165</u>	<u>6,767,818</u>

Held-to-maturity investments earn interest at an average effective rate of 8.19% (2006: 8.23%).

10. Mortgage Advances

	2007 \$	2006 \$
Gross Mortgage Advances	208,079	237,967
Provision for non-performing advances	(112,740)	(129,608)
	<u>95,339</u>	<u>108,359</u>

Mortgage advances earn interest at an average effective rate of 8.05% (2006: 8.09%).

11. Investments available for sale

	2007 \$'000	2006 \$'000
Equities:		
- Quoted	5,652,540	5,137,742
- Unquoted	140,487	72,763
	<u>5,793,027</u>	<u>5,210,505</u>

12. Investments at fair value through profit and loss

Foreign equities	379,284	318,538
Foreign bonds	139,727	123,459
	<u>519,011</u>	<u>441,997</u>

13. Other assets

Investment income receivable	210,583	192,196
Sundry debtors	12,180	12,783
Prepayments of benefits	78,500	76,143
Contributions receivable	122,808	126,295
	<u>424,071</u>	<u>407,417</u>

Notes to the Financial Statements

for the year ended June 30, 2007

14. Cash and cash equivalents

	2007 \$'000	2006 \$'000
Cash and Bank	58,636	29,495
Cash equivalents (TT denominated)	154,212	105,102
Cash equivalents (US denominated)	185,268	22,448
	<u>398,116</u>	<u>157,045</u>

15. Long-term benefit fund

This Fund is held to cover retirement pensions, retirement grants, invalidity and survivors' benefits in respect of qualifying persons.

16. Short-term benefit fund

This Fund is held to cover sickness and maternity benefits and funeral grants in respect of qualifying persons.

17. Employment injury benefit fund

This Fund is held to cover employment injury benefits to eligible insured persons.

18. Accumulated reserve

	2007 \$'000	2006 \$'000
Balance of reserve at July 1	2,309,759	1,707,679
Transfer from long-term benefit fund	810,971	516,070
Transfer from short-term benefit fund	46,412	35,453
Transfer from employment injury benefit fund	81,287	50,557
	<u>3,248,429</u>	<u>2,309,759</u>

19. Revaluation reserve

The revaluation reserve reflects gains or losses on revaluation of freehold properties, and available-for-sale investments as follows:

	Properties \$'000	Available- for-sale \$'000	Total 2007 \$'000	Total 2006 \$'000
Balance as at July 1	56,578	1,586,021	1,642,599	2,650,565
Movement for the year	(3,813)	(132,751)	(136,564)	(1,007,966)
	<u>52,765</u>	<u>1,453,270</u>	<u>1,506,035</u>	<u>1,642,599</u>

Notes to the Financial Statements

for the year ended June 30, 2007

20. Other liabilities

	2007 \$'000	2006 \$'000
Bank overdraft	8,334	12,090
Sundry creditors and accruals	17,603	25,193
Construction costs payable	26,642	26,477
Unallocated mortgage instalments	3,777	2,636
Provision for claims	2,790	8,828
Provision for other payables	20,794	12,587
Accrued interest	9,487	10,471
	89,427	98,282

21. Borrowings

Secured borrowings	385,000	735,000
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These facilities are for periods not exceeding 1 year and attract an effective interest rate of 6.95% (2006: 6.71%). They are fully secured by certain deposits and investments in mutual funds, the value of which approximate these liabilities.

22. Administration and investment expenses

	2007 \$'000	2006 \$'000
Included therein are the following charges:		
Salaries and other related expenses	68,743	61,149
Depreciation	5,653	6,261
Mortgage management fees	—	3,296

Note:

In 2007 administrative expenses amounted to 7.1% (2006: 7.1%) of contribution income and this did not exceed the limit established by the Board of 9.5%.

23. Contingent liabilities

(a) Pending litigation and outstanding appeals

As at June 30, 2007 there were certain legal proceedings outstanding against the Board. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

(b) Industrial relations

Negotiations for the new Industrial Agreement for the period January 1, 2005 to December 31, 2007 are currently in progress.

24. Capital commitments

Capital projects approved and contracted as at June 30, 2007 amounted to \$4.785 million (2006: \$1.4 million).

Notes to the Financial Statements

for the year ended June 30, 2007

25. Related party transactions

A number of transactions are entered into with subsidiary companies. The related assets, liabilities, income and expenses from these transactions are as follows:

	2007 \$'000	2006 \$'000
Assets		
Bonds and debentures	808,613	916,304
Interest receivable	14,594	16,646
Liabilities		
Construction costs payable	26,642	26,477
Income		
Interest on Bonds and Debentures	53,267	62,252
Dividends	8,122	8,434
Expense		
Agency management fees	201	171
Key management compensation		
Director emoluments	438	370
Key management	2,301	2,056

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

26. Financial risk management

The Board's principal financial instruments comprise investment securities, investment properties, mortgage advances, fixed deposits, cash and cash equivalents and borrowings. The Board's activities are primarily related to the acceptance of contributions from and the payment of benefits to the working population. Income earned from investments, together with the excess of contributions after benefits are paid, are used to earn above average interest rate margins through the investing in high quality, high yielding assets with acceptable levels of risk.

The Board has various other financial assets and liabilities such as other assets, investment income receivable and contributions receivable and other liabilities and accruals which arise directly from its operations.

The main risks arising from the Board's financial instruments are credit risk, currency risk, interest rate risk and market risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the subsequent notes.

27. Financial instruments

(a) Price risk

i. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board is exposed to currency risk with respect to its investments and cash and cash equivalents denominated in foreign currencies. These assets are primarily denominated in United States dollars. As at June 30, 2007 the Board had investments and cash and cash equivalents denominated in foreign currencies amounting to \$1.6 billion (2006: \$1.4 billion).

Notes to the Financial Statements

for the year ended June 30, 2007

27. Financial instruments (continued)

(a) Price risk (continued)

ii. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Board is primarily exposed to interest rate risk with respect to its fixed rate debentures, government securities and bonds. As at June 30, 2007 the Board's investments in fixed rate debentures, government securities and bonds amounted to \$6.67 billion (2006: \$6.50 billion).

iii. Market risk

Market risk is the risk that a financial instrument will fluctuate as a result of changes in market prices. The Board is mainly exposed to market risk with respect to its investments in quoted equities.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Board is mainly exposed to credit risk with respect to its mortgage and bond portfolios.

The Board limits its exposure with respect to its bond portfolio by investing in only bonds issued by the Government of Trinidad and Tobago or institutions with high creditworthiness. The Board continually monitors its exposure to potential losses in its mortgage portfolio. Where the recovery of outstanding balances may be doubtful or unduly delayed, provisions are set aside to cover any potential losses in respect of non-performing assets.

(c) Fair value

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates, and therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

(i) Short-term financial assets and liabilities

The carrying amount of financial assets and liabilities included under cash and cash equivalents, fixed deposits, other assets, borrowings and other liabilities are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Investment securities

The fair value of trading investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value.

(iii) Mortgage advances

The estimated fair value for performing advances is assumed to be equal to the carrying values as the inherent rates of interest in the portfolio approximate market conditions and yield cash flow values which are substantially equal to the carrying value.

Notes to the Financial Statements

for the year ended June 30, 2007

27. Financial instruments (continued)

(c) Fair value (continued)

(iv) Investment properties

Investment properties are carried at revalued amounts.

	2007	
	Carrying value \$'000	Fair value \$'000
Assets		
Investments held to maturity	6,920,165	7,018,792
Investments available for sale	5,793,027	5,793,027
Investments at fair value through profit and loss	519,011	519,011
Mortgage advances	95,339	95,339
Fixed deposits	1,344	1,344
Cash & cash equivalents	398,116	398,116
Other assets	424,071	424,071
Liabilities		
Borrowings	385,000	385,000
Other liabilities	89,427	89,427
	2006	
	Carrying value \$'000	Fair value \$'000
Assets		
Investments held-to-maturity	6,767,818	6,883,868
Investments available-for-sale	5,210,505	5,210,505
Investments at fair value through profit and loss	441,997	441,997
Mortgage advances	108,359	108,359
Fixed deposits	360,586	360,586
Cash & cash equivalents	157,045	157,045
Other assets	407,417	407,417
Liabilities		
Borrowings	735,000	735,000
Other liabilities	98,282	98,282

NIS Benefits

- **Sickness Benefit**
- **Maternity Allowance**
- **Maternity Grant**
- **Employment Injury Allowance**
- **Employment Injury Medical Expenses**
- **Employment Injury Disablement Pension**
- **Employment Injury Disablement Grant**
- **Employment Injury Death Benefit Widow**
- **Employment Injury Death Benefit Widower**
- **Employment Injury Death Benefit Child/Orphan**
- **Employment Injury Death Benefit Dependent Parent**
- **Invalidity Benefit**
- **Retirement Pension**
- **Retirement Grant**
- **Survivors Benefit Widow**
- **Survivors Benefit Widower**
- **Survivors Benefit Child/Orphan Allowance**
- **Survivors Benefit Dependent Parent**
- **Remarriage Grant**
- **Funeral Grant**

NIB Locations

HEAD OFFICE

NIB House, Cipriani Place

2a Cipriani Boulevard
Port of Spain
Tel: 625-2171/8
Fax: 627-1787
NIB Hotline: 663-4NIS (4647)
Email: nib@nibtt.co.tt
Website: www.nibtt.co.tt

Records Department

Chaguaramas

SERVICE CENTRES

Arima

Cor. Woodford and Sorzano Streets
Tel: 667-2231/3
Fax: 667-6930

Barataria

35-36 Fifth Street
Tel: 638-3522, 5008
Fax: 674-6497

Chaguanas

Chaguanas Main Road
Tel: 665-5848/5188
Fax: 665-5188

Couva

2 Captain Watson Street
Exchange Lots
Tel: 636-2347
Fax: 636-0820

Gulf City

Ground Floor
Gulf City Mall
La Romaine
Tel: 653-2318
Fax: 657-3538

Point Fortin

M-6 Building, Furlonge Street
Tel: 648-3128
Fax: 648-3128

Port of Spain

85 Abercromby Street
Tel: 625-8302/3, 1034, 2143, 623-0445
Fax: 623-0450

Princes Town

Tazmool Hosein's Mall
High Street
Tel: 655-2226
Fax: 655-2226

Rio Claro

Lalla Building
Naparima/Mayaro Road
Tel: 644-2253
Fax: 644-2253

Sangre Grande

Henderson Street
Tel: 668-2719
Fax: 668-2719

Siparia

Grell Street
Tel: 649-2212
Fax: 649-2778

South Regional

27 Harris Promenade
Tel: 652-4247, 2649
Fax: 657-8982

St James

76 Western Main Road
Tel: 622-1438, 4013
Fax: 628-8340

Tunapuna

Eastern Main Road
Tel: 662-4444, 2514, 2564
Fax: 662-5671

Tobago

Scarborough Mall
Tel: 639-3842/3, 2135
Fax: 639-3843

Roxborough Service Centre

Inland Revenue Office
Roxborough

