

## Report of the Auditors

### To the Shareholders' of Guardian Life of the Caribbean Limited

The accompanying summary non-consolidated financial statements, which comprise the non-consolidated statement of financial position as at 31 December 2013, and the non-consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Guardian Life of the Caribbean Limited (the Company) for the year ended 31 December 2013. We expressed an unmodified audit opinion on those non-consolidated financial statements in our report dated 20 March 2014.

The summary non-consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary non-consolidated financial statements, therefore, is not a substitute for reading the audited non-consolidated financial statements of the Company.

### Management's Responsibility for the Summary Financial Statements

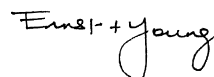
Management is responsible for the preparation of a summary of the audited non-consolidated financial statements on the basis of their established criteria as described in Note 1.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary non-consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summary non-consolidated financial statements derived from the audited non-consolidated financial statements of the Company for the year ended 31 December 2013 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.



Port of Spain, TRINIDAD:  
20 March 2014

### Note 1. Basis of Preparation:

The summary non-consolidated financial statements have been prepared in accordance with established criteria developed by management. Under this criterion, management extracts the "primary financial statements" from the audited non-consolidated financial statements for the year ended 31 December 2013. The "primary financial statements" comprise of the non-consolidated statements of financial position, comprehensive income, changes in equity and cash flows. All references to explanatory notes have been removed.

## Non-Consolidated Statement of Financial Position

As at 31 December 2013

	2013 \$	Restated 2012 \$	Restated 2011 \$
<b>Assets</b>			
Investment in subsidiary	114,333	114,333	114,333
Property and equipment	177,695	167,604	169,376
Investment properties	170,423	169,648	169,479
Pension plan assets	1,097	2,553	-
Value to shareholders of inforce long-term business	617,349	533,470	406,533
Financial assets	5,402,814	4,732,627	4,322,695
Loans and receivables including insurance receivables	566,136	556,762	602,609
Reinsurance assets	77,325	77,991	96,687
Due from parent and affiliated companies	35,874	116,977	111,652
Taxation recoverable	11,381	11,381	9,962
Cash and cash equivalents	<u>844,646</u>	<u>932,607</u>	<u>713,562</u>
<b>Total assets</b>	<u>8,019,073</u>	<u>7,415,953</u>	<u>6,716,888</u>
<b>Equity</b>			
Share capital	46,437	45,835	44,395
Reserves	61,164	48,157	45,860
Retained earnings	<u>989,079</u>	<u>1,038,724</u>	<u>936,085</u>
<b>Total equity</b>	<u>1,096,680</u>	<u>1,132,716</u>	<u>1,026,340</u>
<b>Liabilities</b>			
Insurance contracts	5,737,915	5,171,326	4,677,724
Financial liabilities	693,763	699,933	654,025
Post retirement benefit obligation	15,396	16,357	11,812
Pension plan liabilities	104,987	65,676	16,839
Deferred tax liabilities	127,336	131,788	122,802
Due to affiliate companies	9,556	3,960	4,592
Provision for taxation	31,438	20,719	22,395
Other liabilities	<u>202,002</u>	<u>173,478</u>	<u>180,359</u>
<b>Total liabilities</b>	<u>6,922,393</u>	<u>6,283,237</u>	<u>5,690,548</u>
<b>Total equity and liabilities</b>	<u>8,019,073</u>	<u>7,415,953</u>	<u>6,716,888</u>

## 2013 Report of the Independent Appointed Actuary


### To the Shareholders and Policyholders of Guardian Life of the Caribbean Limited

We have reviewed the valuation of the liabilities for long term insurance policies of Guardian Life of the Caribbean Limited for the balance sheet at 31 December 2013 in accordance with generally accepted actuarial practice, including the selection of appropriate assumptions and methods.

The valuation of long term insurance reserves for traditional life and annuity business was carried out primarily using a Zillmerised net premium valuation approach. This is a traditional approach, similar to those used for statutory reserve calculations in the United States and United Kingdom. For investment linked and deposit administration contracts, the reserves were based on fund balances at the valuation date. In accordance with IFRS 4, a liability adequacy test was conducted to ensure the adequacy of reserves given best estimates of future experience.

We have reviewed and relied on the work of the Company's Valuation Actuary in order to issue this certificate.

In our opinion, the amount of long term insurance contract liabilities makes appropriate provision for future obligations in respect of the Company's long term business and the financial statements fairly represent the results of the valuation.



Kyle Rudden, Fellow of the Institute & Faculty of Actuaries,  
KR Services Limited  
Port-of-Spain, Trinidad  
8 April, 2014

On 20 March 2014, the Board of Directors of Guardian Life of the Caribbean Limited authorised these financial statements for issue.

 Director

 Director

## Non-Consolidated Statement of Comprehensive Income

For The Year Ended 31 December 2013

	2013 \$	Restated 2012 \$
Gross premiums written	1,754,106	1,414,907
Outward reinsurance premiums	(140,494)	(81,039)
Net premiums written	1,613,612	1,333,868
Change in gross provision for unearned premiums	2,027	19,655
Net insurance premium revenue	1,615,639	1,353,523
Investment income	243,502	233,150
Net realised losses on financial and other assets	(1,636)	(1,025)
Net fair value gains on financial and other assets	21,296	29,600
Increase in value to shareholders of inforce long-term business	83,859	127,184
Fee income	7,672	5,219
Other operating income	17,017	16,156
<b>Total revenue</b>	<b>1,987,349</b>	<b>1,763,807</b>
Net insurance benefits and claims Expenses	(1,310,775)	(1,108,586)
	(552,605)	(490,774)
<b>Profit before taxation</b>	<b>123,969</b>	<b>164,447</b>
Taxation	(16,609)	(18,969)
<b>Profit after taxation</b>	<b>107,360</b>	<b>145,478</b>
Amount attributable to participating policyholders	(2,967)	(4,205)
<b>Profit for the year</b>	<b>104,393</b>	<b>141,273</b>
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	4,790	52
<b>Net other comprehensive income that may be reclassified subsequently to profit or loss</b>	<b>4,790</b>	<b>52</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gains on property revaluation	8,217	2,245
Re-measurement of pension plan	(38,033)	(35,287)
Re-measurement of post-employment benefits	2,098	(3,347)
<b>Net other comprehensive loss that will not be reclassified subsequently to profit or loss</b>	<b>(27,718)</b>	<b>(36,389)</b>
<b>Other comprehensive loss for the period</b>	<b>(22,928)</b>	<b>(36,337)</b>
<b>Total comprehensive income for the year attributable to shareholders</b>	<b>81,465</b>	<b>104,936</b>

## Non-Consolidated Statement of Cash Flows

For The Year Ended 31 December 2013

	2013 \$	Restated 2012 \$
<b>Cash flows from operating activities</b>		
Profit before taxation	123,969	164,447
Adjustment for specific items included on the accruals basis:		
- Investment income	(243,150)	(231,870)
Adjustment for non-cash items	(72,685)	(130,711)
Interest received	226,658	202,337
Dividends received	28,504	23,740
<b>Operating profit before changes in operating assets/liabilities</b>	<b>63,296</b>	<b>27,943</b>
Net increase in insurance contracts	563,622	489,394
Net decrease in reinsurance assets	666	18,696
Net (decrease)/increase in financial liabilities	(6,170)	45,904
Net (increase)/decrease in loans and receivables	(8,762)	45,430
Net decrease/(increase) in other operating assets/liabilities	103,371	(14,319)
<b>Cash provided by operating activities</b>	<b>716,023</b>	<b>613,048</b>
Net taxation paid	(10,340)	(11,656)
<b>Net cash provided by operating activities</b>	<b>705,683</b>	<b>601,392</b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets	(3,083,260)	(1,017,217)
Proceeds from sale of other financial assets	2,421,444	646,489
Purchase of property and equipment	(13,722)	(11,919)
Proceeds on sale of property and equipment	(3)	300
<b>Net cash used in investing activities</b>	<b>(675,541)</b>	<b>(382,347)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(118,103)	-
<b>Net cash used in financing activities</b>	<b>(118,103)</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(87,961)</b>	<b>219,045</b>

## Non-Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2013

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2013</b>	45,835	48,157	1,013,898	1,107,890
Restatement	-	-	24,826	24,826
<b>At 1 January 2013 - restated</b>	45,835	48,157	1,038,724	1,132,716
Profit for the year	-	-	104,393	104,393
Other comprehensive income/(loss)	-	13,007	(35,935)	(22,928)
Share option scheme - value of services provided	602	-	-	602
Dividends paid	-	-	(118,103)	(118,103)
<b>Balance at 31 December 2013</b>	<b>46,437</b>	<b>61,164</b>	<b>989,079</b>	<b>1,096,680</b>
<b>At 1 January 2012</b>	44,395	45,860	930,245	1,020,500
Restatement	-	-	5,840	5,840
<b>Balance at 1 January 2012 - restated</b>	44,395	45,860	936,085	1,026,340
Profit for the year - restated	-	-	141,273	141,273
Other comprehensive income/(loss) - restated	-	2,297	(38,634)	(36,337)
Share option scheme - value of services provided	1,440	-	-	1,440
<b>Balance at 31 December 2012 - restated</b>	<b>45,835</b>	<b>48,157</b>	<b>1,038,724</b>	<b>1,132,716</b>