

## 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 2014, and the non-consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited non-consolidated financial statements of Guardian Life of the Caribbean Limited (the Company) for the year ended 31 December 2014. We expressed an unmodified audit opinion on those non-consolidated financial statements in our report dated 10 March 2015.

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 Non-consolidated 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.

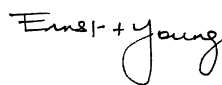
### Auditors' Responsibility

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 2014 are consistent, in all material respects, with those non-consolidated financial statements, on the basis of management's established criteria as described in Note 1.



Port of Spain, TRINIDAD:

10 March 2015

### 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 2014. 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 2014

	2014 \$	Restated 2013 \$	Restated 2012 \$
<b>Assets</b>			
Investment in subsidiary	114,333	114,333	114,333
Property and equipment	183,299	177,695	167,605
Investment properties	176,373	170,423	169,648
Pension plan assets	1,007	1,097	2,553
Value to shareholders of inforce long-term business	744,397	617,349	533,470
Financial assets	5,901,878	5,402,814	4,732,627
Loans and receivables including insurance receivables	551,359	454,701	468,602
Reinsurance assets	41,762	38,872	58,273
Due from parent and affiliated companies	13,935	35,874	116,977
Taxation recoverable	11,381	11,381	11,381
Cash and cash equivalents	<u>680,176</u>	<u>844,646</u>	<u>932,607</u>
<b>Total assets</b>	<u>8,419,900</u>	<u>7,869,185</u>	<u>7,308,076</u>
<b>Equity</b>			
Share capital	46,535	46,437	45,835
Reserves	72,444	61,164	48,157
Retained earnings	<u>1,023,191</u>	<u>976,075</u>	<u>1,020,650</u>
<b>Total equity</b>	<u>1,142,170</u>	<u>1,083,676</u>	<u>1,114,642</u>
<b>Liabilities</b>			
Insurance contracts	6,117,984	5,641,922	5,109,372
Financial liabilities	733,290	693,763	699,933
Post retirement benefit obligation	17,718	15,396	16,357
Pension plan liabilities	62,934	104,987	65,676
Deferred tax liabilities	120,638	127,336	131,788
Due to affiliate companies	9,714	9,556	3,960
Provision for taxation	30,792	31,439	20,720
Other liabilities	<u>184,660</u>	<u>161,110</u>	<u>145,628</u>
<b>Total liabilities</b>	<u>7,277,730</u>	<u>6,785,509</u>	<u>6,193,434</u>
<b>Total equity and liabilities</b>	<u>8,419,900</u>	<u>7,869,185</u>	<u>7,308,076</u>

## 2014 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 2014 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, 2015

On 10 March 2015, 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 2014

	Year Ended December 2014 \$	Year Ended December 2013 \$ (Restated)
Gross premiums written	1,829,667	1,747,370
Outward reinsurance premiums	(146,530)	(129,869)
Net premiums written	1,683,137	1,617,501
Change in gross provision for unearned premiums	(1,224)	(9,575)
Net insurance premium revenue	1,681,913	1,607,926
Investment income	283,210	243,502
Net realised losses on financial and other assets	(4,894)	(1,636)
Net fair value gains on financial and other assets	4,281	21,296
Increase in value to shareholders of inforce long-term business	126,714	83,859
Fee income	13,988	7,672
Other operating (expense)/income	(2,722)	15,905
<b>Total revenue</b>	<b>2,102,490</b>	<b>1,978,524</b>
Net insurance benefits and claims Expenses	(1,444,903)	(1,296,367)
	(573,042)	(553,118)
<b>Profit before taxation</b>	<b>84,545</b>	<b>129,039</b>
Taxation	(15,814)	(16,609)
<b>Profit after taxation</b>	<b>68,731</b>	<b>112,430</b>
Amount attributable to participating policyholders	632	(2,967)
<b>Profit for the year</b>	<b>69,363</b>	<b>109,463</b>
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	4,464	4,790
<b>Net other comprehensive income that may be reclassified subsequently to profit or loss</b>	<b>4,464</b>	<b>4,790</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Gains on property revaluation	6,816	8,217
Re-measurement of pension plan	42,801	(38,033)
Re-measurement of post-employment benefits	(1,412)	2,098
<b>Net other comprehensive loss that will not be reclassified subsequently to profit or loss</b>	<b>48,205</b>	<b>(27,718)</b>
<b>Other comprehensive income/(loss) for the period</b>	<b>52,669</b>	<b>(22,928)</b>
<b>Total comprehensive income for the year attributable to shareholders</b>	<b>122,032</b>	<b>86,535</b>

## Non-Consolidated Statement of Cash Flows

For The Year Ended 31 December 2014

	2014 \$	Restated 2013 \$
<b>Cash flows from operating activities</b>		
Profit before taxation	84,545	129,039
Adjustment for specific items included on the accruals basis:		
- Investment income	(283,051)	(243,150)
Adjustment for non-cash items	(77,014)	(72,685)
Interest received	198,341	226,658
Dividends received	75,183	28,504
<b>Operating profit before changes in operating assets/liabilities</b>	<b>(1,996)</b>	<b>68,366</b>
Net increase in insurance contracts	476,694	529,586
Net (increase)/decrease in reinsurance assets	(2,889)	19,401
Net increase/(decrease) in financial liabilities	39,527	(6,173)
Net (increase)/decrease in loans and receivables	(95,690)	14,513
Net decrease in other operating assets/liabilities	28,317	90,330
<b>Cash provided by operating activities</b>	<b>443,963</b>	<b>716,023</b>
Net taxation paid	(23,164)	(10,340)
<b>Net cash provided by operating activities</b>	<b>420,799</b>	<b>705,683</b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets	(3,453,926)	(3,083,260)
Proceeds from sale of other financial assets	2,944,168	2,421,443
Purchase of property and equipment	(11,875)	(13,721)
Proceeds on sale of property and equipment	-	(3)
<b>Net cash used in investing activities</b>	<b>(521,633)</b>	<b>(675,541)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(63,636)	(118,103)
<b>Net cash used in financing activities</b>	<b>(63,636)</b>	<b>(118,103)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(164,470)</b>	<b>(87,961)</b>

## Non-Consolidated Statement of Changes in Equity

For The Year Ended 31 December 2014

	Share capital \$	Reserves \$	Retained earnings \$	Total equity \$
<b>At 1 January 2014</b>	46,437	61,164	989,078	1,096,679
Restatement	-	-	(13,003)	(13,003)
<b>At 1 January 2014 - restated</b>	46,437	61,164	976,075	1,083,676
Profit for the year	-	-	69,363	69,363
Other comprehensive income	-	11,280	41,389	52,669
Share option scheme - value of services provided	98	-	-	98
Dividends paid	-	-	(63,636)	(63,636)
<b>Balance at 31 December 2014</b>	<b>46,535</b>	<b>72,444</b>	<b>1,023,191</b>	<b>1,142,170</b>
<b>At 1 January 2013</b>	45,835	48,157	1,038,724	1,132,716
Restatement	-	-	(18,074)	(18,074)
<b>Balance at 1 January 2013 - restated</b>	45,835	48,157	1,020,650	1,114,642
Profit for the year - restated	-	-	109,463	109,463
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 - restated</b>	<b>46,437</b>	<b>61,164</b>	<b>976,075</b>	<b>1,083,676</b>