# Guardian Holdings Limited

## Auditors' Report

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To the members of
Guardian Holdings Limited

We have audited the accompanying balance sheet of Guardian Holdings Limited and its Subsidiaries (the Group) as at 31 December 2001, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended as set out on pages 28 to 52. These financial statements are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As indicated in Note 9 to the financial statements, the Group has adopted International Accounting Standard #39 - Financial Instruments: Recognition and Measurement (IAS 39) with effect from January 2001 and in accordance with the transition rules contained in the Implementation Guidance to IAS 39 it has credited the balance of $221.3 million on the investment valuation reserve to retained earnings. Because of this one-off credit to retained earnings, the Group has decided to take a discretionary write-off of goodwill of the same amount to retained earnings. This is not in conformity with IAS 36 - Impairment of Assets which requires that adjustments to goodwill be based on an impairment test and, if impaired, the goodwill written off should be recognised as an expense in the profit and loss account. There is no indication as at the balance sheet date that goodwill is impaired and therefore, there is no impact on the net profit for the year. As disclosed in the note on the Statement of Significant Accounting Policies and Note 6, goodwill will now be written off over 20 years which is the recommended maximum period under IAS 22 - Business Combinations.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2001 and the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

Price Water House Coopers
Chartered Accountants
Port of Spain
Trinidad, West Indies
II March 2002