Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Registrar of Companies
PO Box 5771
Auckland

20 June 2014

Dear Sirs,

I, Brett Kallio of Ernst & Young Australia, am a member of the Institute of Chartered Accountants in Australia and my membership number is 84301. Our Firm was responsible for the audit of the New Zealand branch of SCOR Global Life SE and I was the signing partner on the engagement.

Yours faithfully

Brett Kallio

Brett Kallio
Partner
Melbourne

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working world

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Independent Auditor's Report
To the Shareholders of SCOR Global Life SE

Report on the Financial Statements

We have audited the financial statements of the New Zealand branch of SCOR Global Life SE on pages 4 to 27, which comprise the statement of financial position of the New Zealand branch of SCOR Global Life SE as at 31 December 2013, and the statement of comprehensive income, income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with Section 19(3) of the Financial Reporting Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the New Zealand branch of the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements, in accordance with generally accepted accounting practice in New Zealand, and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the New Zealand branch of the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Zealand branch of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the New Zealand branch of the company.

Partners and employees of our firm may deal with the New Zealand branch of the company on normal terms within the ordinary course of trading activities of the business of the New Zealand branch of the company.

Building a better working world

Opinion

In our opinion, the financial statements on pages 4 to 27:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the New Zealand branch of the company as at 31 December 2013 and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the New Zealand branch of SCOR Global Life SE as far as appears from our examination of those records.

Ernst + Young

Ernst & Young
20 June 2014
Melbourne

Financial Report

For the year ended 31 December 2013

New Zealand Branch of SCOR Global Life SE

Table of Contents

Financial Report for the year ended 31 December 2013
All amounts are in New Zealand dollars, unless otherwise specified.

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BOARD AND OFFICERS

For the year ended 31 December 2013

Principal place of business and registered office of SCOR Global Life SE - New Zealand branch (SGL SE, the Branch) - COMPANY NUMBER 3207487

Principal Place of Business
Level 1, 33-45 Hurstmere Road
Takapuna | AUCKLAND 0740
New Zealand

Registered Office
Level 20, Lumley Centre
88 Shortland Street
AUCKLAND 1010 | New Zealand

Board of Directors

The directors of SGL SE during the year ended 31 December 2013 and up to the date of this report are shown below. Directors were in office for this entire period, except where stated otherwise.

Denis KESSLER (Chairman of the Board of Directors)
Appointment Date: 30 Nov 2010

Paolo DE MARTIN
Appointment Date: 30 Nov 2010

Philippe TRAINAR
Appointment Date: 30 Nov 2010

Gilles MEYER
Ceased Date: 31 December 2013

Mark KOCIANCIC
Appointment Date: 21 June 2013

Frieder KNÜPLING
Appointment Date: 21 June 2013

External Officers

Appointed Actuary
James Collier
Partner, KPMG Actuarial Pty Ltd
10 Shelley Street
Sydney | NSW | 2000 | Australia
Tel. +61 2 9335 8933
Fax +61 2 9335 8911

External Auditor
Brett Kallio
Partner, Ernst & Young Australia
8 Exhibition Street
Melbourne | VIC 3000 | Australia
Tel.: +61 3 9288 8597
Fax: +61 3 8650 7710

Solicitors
Lloyd Kavanagh
Minter Ellison Rudd Watts
Level 20, Lumley Centre
88 Shortland Street
Auckland | 1010 | New Zealand

STATUTORY AND OTHER DISCLOSURES

For the year ended 31 December 2013

This report is presented on the New Zealand Branch of SCOR Global Life SE for the year from 1 January 2013 to 31 December 2013. All comparative figures for 2012 cover the year from 1 January to 31 December.

The Life Insurance division of the SCOR Group, SCOR Global Life SE (the Company or SGL SE) main office is located in France. The New Zealand branch office is managed by its Chief Executive Officer who ultimately reports to the Company's executive management.

Principal activities

SCOR Global Life SE a body corporate incorporated in France, is registered on the New Zealand overseas company register to carry on business in this country, under Part XVIII of the Companies Act 1993. SGL SE was certified as an overseas Non-ASIC Company by the Registrar of Companies New Zealand on 30th November 2010, under Section 337[1] of the Companies Act 1993.

From March 2012, the Reserve Bank of New Zealand (RBNZ) took on the role of insurance regulator and industry supervisor. The Company was issued with a licence by the RBNZ to carry on insurance business in New Zealand under the new regime with effect from 8 March 2012.

The principal activity of SGL SE New Zealand branch (the Branch) during the year was the provision of life reinsurance services.

Economic Dependency

The Branch is reliant on SGL SE Singapore Branch to provide all financial support to meet its business commitments. The Branch fully relies on SGL SE Singapore Branch to comply with the solvency requirements under the RBNZ "Solvency Standard for Life Insurance Business".

Operating and financial review

The Branch's net loss for the year after income tax is NZ$ 0.028m. The Branch's operations during the year performed as expected

Risk management

The Branch takes a proactive approach to risk management and provides regular reporting of any key issues or risks relating to the New Zealand business to the SCOR Group's Risk Management team.

Significant events after the balance date

In the interval between the end of the year and the date of this report no item, transaction or event of a material nature, likely to affect significantly the operations of the Branch or the state of affairs of the entity in future periods has arisen.

Environmental regulation and performance

The Branch's operations in New Zealand are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

STATUTORY AND OTHER DISCLOSURES

For the year ended 31 December 2013

Indemnification and insurance of directors and officers

The Officers of the Company are covered by policies of directors' and officers' liability insurance, which ensure that they will incur no monetary loss as a result of actions undertaken by them as officers of the Company, provided they operate within the law.

No person has applied for leave of Court to bring proceedings on behalf of the Branch, or intervene in any proceedings against the Branch during the period.

Non-audit services provided by the Auditor (Ernst & Young - EY)

The Branch may decide to employ its auditor on assignments additional to their statutory audit duties, where the auditor's expertise and experience with the Branch is important.

The Board is satisfied that the provision of the non-audit services by the Branch auditor is compatible with the general standard of independence for auditors. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) and where noted ($'000).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Life Reinsurance Premium Income		37,061	19,259
Retrocession Expense - Premium		(58,898)	-
Net Reinsurance Premium Revenue		**(21,837)**	**19,259**
Investment Revenue	5	24	13
Other Revenue	6	(1)	48
Total Income		**(21,814)**	**19,320**
Life Reinsurance Claims Expense		(13,029)	(2,464)
Retrocession Recoveries - Claims		15,866	-
Net Claims Expense		**2,837**	**(2,464)**
Life Reinsurance Commission Expense		(54,145)	(65,388)
Retrocession Recoveries - Commission		151,798	-
Expense Recoveries and (Other Expenses)		1,740	(1,038)
Operating Expenses	7	**99,393**	**(66,426)**
Movement in Net Life Reinsurance Contract Liabilities	8	(80,454)	50,192
Total Claims and Expenses		**21,776**	**(18,698)**
(Loss) / Profit before Income Tax		**(38)**	**622**
Income Tax credit / (expense)	9	10	(174)
(Loss) / Profit after Income Tax		**(28)**	**448**
Other Comprehensive Income net of Tax		-	-
Total Comprehensive Loss for the year		**(28)**	**448**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Cash and Cash Equivalents	**10**	1,513	347
Financial Assets at fair value (through profit or loss)	**11**	-	506
Receivables	**12**	119,048	8,044
Deferred Tax Asset	**13**	-	24,816
Ceded Life Reinsurance Contract Liabilities	**8**	(123,379)	-
TOTAL ASSETS		**(2,818)**	**33,713**
LIABILITIES			
Payables	**14**	119,001	88,430
Witholding tax payable		47	-
Deferred Tax Liability	**13**	-	24,836
Assumed Life Reinsurance Contract Liabilities	**8**	(123,379)	(80,454)
TOTAL LIABILITIES		**(4,331)**	**32,812**
NET ASSETS		**1,513**	**901**
EQUITY			
Contributed Equity		1,440	800
Retained Earnings / (Cumulative Losses)		73	101
TOTAL EQUITY		**1,513**	**901**

Director of SCOR Global Life SE

Name in print: Paolo De Martin

Date: 20 June 2014

Director of SCOR Global Life SE

Name in print: Frieder Knüpling

Date: 20 June 2014

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

2013 (Current year)	**Contributed Equity $'000**	**Retained Earnings $'000**	**Total 2013 $'000**
At 1 January 2013	800	101	901
Contributed Equity	640	-	640
Loss for the year	-	(28)	(28)
At 31 December 2013	1,440	73	1,513

2012 (Prior year)	**Contributed Equity $'000**	**Retained Earnings $'000**	**Total 2012 $'000**
At 1 January 2012	500	(347)	153
Contributed Equity	300	-	300
Profit for the year	-	448	448
At 31 December 2012	800	101	901

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash Flows from Operating Activities			
Payments to Employees & Suppliers		-	(9)
Interest Received (net of witholding tax)		26	33
Net Cash Flow from Operating Activities	**10(ii)**	**26**	**24**
Cash Flows from Investing Activities			
Matured Debt Securities		500	-
Net Cash Flow used in Investing Activities		**500**	**-**
Cash Flows from Financing Activities			
Contributed Equity		640	300
Net Cash Flow used in Financing Activities		**640**	**300**
Net Increase in Cash Held		**1,166**	**324**
Cash at the beginning of the year		**347**	**23**
Cash at the end of the year	**10(i)**	**1,513**	**347**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

NOTE 1. General Information

SGL SE is a profit-oriented entity incorporated as a French overseas company, under the New Zealand Companies Act 1993, and operating in New Zealand as a Branch. The direct and ultimate parent of SGL SE is SCOR SE, a company incorporated in France and listed on the Euronext Paris.

The life reinsurance operations of the Branch consist solely of non-investment-linked business.

Non-investment-linked business is business in which a licensed entity issues a contract where the reinsured benefit is not directly linked to the market value of investments held. These benefits are payable on death, or on the occurrence of an insured event such as injury, illness or disability. The risk of the occurrence of the event, which crystallises the payment of the insured benefit, is borne by the reinsurer.

NOTE 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993 and the Financial Reporting Act 1993, on an ongoing concern basis. The financial statements comply fully with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS'), and comply with International Financial Reporting Standards ('IFRS'), as appropriate for profit oriented entities.

The financial report is presented in New Zealand dollars and all values are rounded to the nearest thousand ($000) unless otherwise stated.

b) Data

The Branch is dependent on the accuracy and timeliness of premium, in-force and claims data received from its ceding companies. The valuation of liabilities is mainly dependent on the data as provided by ceding companies.

c) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The statements are presented in New Zealand dollars, which is the Branch's functional and presentation currency.

ii. Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions (realised) and from the translation at year end exchange rates (unrealised) of

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statement of comprehensive income.

d) Early adoption of standards

The Branch has not elected to early adopt, in this financial report, any new standards, amendments or interpretations that are issued but not yet effective, including improvements to NZ IFRSs, for the year ended 31 December 2013.

These new standards and interpretations, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Branch.

e) Specific Accounting Policies

i. Premium Revenue

Premiums are recognised as revenue on an accruals basis. A provision for unearned premiums is included in the actuarial valuation of liabilities. Outstanding premiums are included as an asset in the Statement of Financial Position.

ii. Retrocession Expense – Premium

Premiums ceded to reinsurers under retrocession contracts are recorded as a retrocession expenses and are recognised over the period of indemnity of the retrocession agreement in accordance with the expected pattern of the incidence of risk.

iii. Investment Income

All investment income is recognised as revenue on an accruals basis. Consistent with the principles of fair value accounting for investment assets, movements in the valuation of investment assets are recognised in the Statement of Comprehensive Income.

Interest income is brought to account on an accruals basis when the entity obtains the right to receive the interest income.

iv. Claims Recognition

Claims are recognised when the liability to the cedant under the reinsurance contract has been established or upon notification of the reinsured event.

Claims are treated directly as an expense when a liability to the cedant is established.

Reserves for claims incurred but not reported, claims reported but not admitted and claims considered likely to arise are included in the actuarial valuation of reinsurance contract liabilities.

v. Retrocession Recoveries

Retrocession recoveries are recognised as revenue. Amounts recoverable are assessed in accordance with the terms of the retrocession agreement, which is in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the provision for outstanding claims. They reduce gross claims expense to determine the net claims position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

vi. Expenses

All costs are charged to operating expenses as incurred.

All operating expenses in respect of life reinsurance contracts are apportioned between policy acquisition and policy maintenance expenses with regard to the objective when incurring the expense and the outcome achieved. Policy acquisition costs comprise the costs of acquiring new business and are expensed in the Income Statement. Maintenance costs are the fixed and variable costs of administering policies subsequent to sale. Investment management costs are the fixed and variable costs of managing investment funds. Maintenance and investment management costs are recognised in the Income Statement on an accrual basis.

Policy Acquisition Costs

The actuary, in determining the life reinsurance contract liabilities, takes account of the deferral and future recovery of acquisition costs, which are capitalised by way of movement in life reinsurance contract liabilities, then amortised over the period in which they will be recoverable.

Where overall product profitability of new business written during the year is expected to support the recovery of acquisition costs incurred in that year, these costs are effectively deferred as an element of life reinsurance contract liabilities and amortised over the life of the policies written. Unamortised acquisition costs are a component of life reinsurance contract liabilities. Amortisation of acquisition costs is recognised in the Statement of Comprehensive Income as a component of net change in life reinsurance contract liabilities at the same time as policy margins are released.

Policy Maintenance Costs

Maintenance costs include all operating costs other than acquisition and investment management costs. These include general growth and development costs.

vii. Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand that is available on demand and deposits that are held at call with financial institutions. Cash and cash equivalents are measured at fair value, being the principal amount.

Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

(i) Operating activities include all transactions and other events that are not investing or financing activities.
(ii) Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and of investments.
(iii) Financing activities are those activities relating to changes in the equity and debt structure of the Branch.

viii. Investments and other financial assets

Investments and financial assets in the scope of NZ IAS 39 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

The Branch has determined that all assets held within the Branch are assets backing policy liabilities of the life reinsurance business. As these assets are managed on a fair value basis and are reported on this basis, they have been valued at fair value through profit or loss wherever the applicable standard allows.

Investments in financial assets are initially recognised at fair value determined as the purchase cost of the asset, exclusive of any transaction costs.

Subsequent to initial recognition, the fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

ix. Receivables

Receivables are recognised initially at fair value. Due to the short term nature of these assets the recoverable value, i.e. allowing for doubtful debts, will generally be the fair value. Receivables related to technical operations are recognised and carried at billed amount. No amounts have been provided for any uncollectible amounts. Interest income is brought to account on an accruals basis when the entity obtains the right to receive the interest income.

x. Payables

These amounts represent liabilities for goods and services provided to the Branch prior to the end of the year which are unsettled. Payables are generally recognised at fair value.

xi. Life Reinsurance Contract Liabilities

Life reinsurance liabilities in the statement of financial position and the increase or decrease in policy liabilities in the Statement of Comprehensive Income have been calculated in accordance with the New Zealand Society of Actuaries Professional Standard No 3 – Determination of Life Insurance Policy Liabilities ('PS3'). Life reinsurance contracts are accounted for in accordance with the requirements of NZ IFRS 4 Insurance Contracts.

Life reinsurance contract liabilities are measured using the accumulation method. This methodology is used where the benefit is in the nature of an accumulation starting from the currently accumulated value and where expected future benefit growth and expected future investment income occur in the same time pattern.

Under an accumulation approach, the Policy Liability is equal to the current benefit accumulation less an amount representing the recoverable unrecouped portion of any Acquisition Costs (net of tax relief), subject to a minimum of the Best Estimate Liability. In determining the recoverable unrecouped portion of Acquisition Costs it will be necessary to use projection techniques, so as to reflect the incidence and amount of ongoing fees, surrender penalties and any other elements of a benefit associated with the recovery of Acquisition Costs. The surrender value is not an appropriate basis for the Policy Liability unless the surrender penalty equals the recoverable

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

unrecouped portion of Acquisition Costs. An accumulation approach will cause Profit Margins to emerge as the excess of fee income over expenses and Acquisition Cost recovery amount in each period.

The measurement of life reinsurance contract liabilities is subject to actuarial assumptions. Assumptions made in the calculation of the life reinsurance contract liability at each reporting date are based on best estimates at that date. Best Estimate Assumptions must be made about the future cost of the risks accepted and services provided, including probabilities of occurrence, having regard to available statistical and other evidence subject to any requirements in PS3. The assumptions used in the calculation of the life reinsurance contract liabilities are reviewed at each reporting date. The assumptions should be reviewed against the entity's own experience and management practices, published information on industry experience and emerging trends (both in New Zealand, and where relevant, overseas) and professional standards. A summary of the significant actuarial methods and assumptions used is contained in NOTE 4.

Life reinsurance contract liabilities ceded under reinsurance

Assets arising from retrocession agreements are also determined using the same methods as for assumed reinsurance contract liabilities.

xii. Taxes

Current tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Statement of Financial Position balance date.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates which are expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

Deferred tax, including amounts in respect of life reinsurance contracts, is not discounted to present value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

Income tax expense

The income tax expense is the tax payable on taxable income for the current period, based on the income tax rate for each jurisdiction and adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

xiii. Other Taxes

All revenues, expenses and certain assets are recognised net of goods and services taxes (GST) except where the GST is not recoverable. In these circumstances the GST is included in the related asset or expense. Receivables and payables are reported inclusive of GST. The net GST payable to or recoverable from the tax authorities as at balance date is included as a receivable or payable in the balance sheet.

xiv. Allocation of Operating Results

All of the operating result is allocated to the Branch. There are no participating policy owners.

NOTE 3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Policy liabilities arising from life reinsurance contracts are calculated at each reporting date using mathematical and statistical models. The valuations are prepared by appropriately qualified and experienced actuaries on the basis of internationally recognised actuarial methods set out in Professional Standards issued by the New Zealand Society of Actuaries, a full member of the International Actuarial Association. The methodology takes into account the risks and uncertainties of the particular classes of business written.

The key factors that affect the estimation of these liabilities are:

- The cost of providing benefits and administering these contracts;
- Mortality and morbidity experience on life reinsurance products;
- Persistency experience, which affects the entity's ability to recover the cost of acquiring new business over the lives of the contracts;
- Retrocession arrangements in place;
- Other factors such as regulation, competition, interest rates, the performance of the capital markets and general economic conditions affect the level of these liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

The uncertainties surrounding these assumptions mean that it is likely that the actual observed claims incidence will vary from the liability estimated at the reporting date.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

NOTE 4. Summary of Significant Actuarial Methods and Assumptions

The effective date of the policy liabilities and solvency reserves calculation is 31 December 2013. The Appointed Actuary is satisfied as to the accuracy of the data from which the policy liabilities have been determined.

This note summarises the assumptions made and the methods adopted for the calculation of policy liabilities and solvency requirements.

The methods of valuation for the major product groups are as follows:

Product Group	Method
Individual Lump Sum Risk	Accumulation
Individual Disability Income	Accumulation

Systematic release of planned margin is achieved through the calculation of Deferred Acquisition Costs. Profit carriers are implicit in the Accumulation method used.

Claims assumptions have been based on pricing assumptions given the relatively undeveloped nature of the historic experience. Allowance for incurred but not reported claims, reported but not paid, disability income claims in the course of payment reserves and unearned premium reserves has been made.

a) Impact of Changes in Assumptions

The impact of changes in Actuarial Assumptions is shown below:

Assumption Changes	Impact on Gross Policy liability $'000	Impact on Net Profit $'000
Loss Ratio	-6,265	0

The net impact of on the Financial Statements is $0 as changes in the Gross Policy Liability are balanced by corresponding changes in the Retroceded Policy Liability.

b) Sensitivity Analysis

Assumption	Impact on Gross Policy liability $'000	Impact on Net Profit $'000
10% Increase in Mortality and Morbidity	-2,375	0
10% Increase in Lapses	0	0
10% Increase in Maintenance Expenses	0	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

NOTE 5. Investment Revenue

	2013	2012
	$'000	$'000
Interest, Dividend and Other Revenue Sourced from:		
Interest Income from Financial Assets	9	33
Interest Income from Cash and Cash Equivalents	21	-
Total Investment Income (excluding capital gains or losses)	**30**	**33**
Total Realised and Unrealised Losses	(6)	(20)
Total Investment Revenue	**24**	**13**

NOTE 6. Other Revenue

	2013	2012
	$'000	$'000
Unrealised foreign exchange (losses) and gains	(48)	48
Retrocession recoveries - witholding income tax	47	-
Total Other Revenue	**(1)**	**48**

NOTE 7. Operating Expenses

	2013	2012
	$'000	$'000
Life Reinsurance Contracts operating expenses		
Policy Acquisition - Net commission	97,653	(65,388)
Policy Maintenance - Management fee recoveries and (expense)	1,787	(1,038)
Witholding income tax expense	(47)	-
Total Operating Expenses	**99,393**	**(66,426)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

NOTE 8. Life Reinsurance Contract Liabilities

	2013	2012
	$'000	$'000
Assumed Life Reinsurance Contract Liabilities	(123,379)	(80,454)
minus Ceded Life Reinsurance Contract Liabilities	(123,379)	-
Net Life Reinsurance Contract Liabilities	**-**	**(80,454)**
Movement in Life Reinsurance Contract Liabilities		
Assumed Life Reinsurance Contract Liabilities	42,925	50,192
minus Ceded Life Reinsurance Contract Liabilities	123,379	-
Increase in Net Life Reinsurance Contract Liabilities	**(80,454)**	**50,192**
Opening balance at 1 January 2013	(80,454)	(30,262)
Outstanding Claims Reserves	7,865	(7,367)
Unearned Premium Reserve	402	278
Deferred Acquisition Costs	(88,721)	57,281
Movement in Net Life Reinsurance Contract Liabilities	**(80,454)**	**50,192**
Closing balance at 31 December 2013	**-**	**(80,454)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

NOTE 9. Tax

The following income tax expense disclosures reflect the current and deferred tax positions on the results of the Branch for the year.

(a) Income tax expense	**2013**	**2012**
	$'000	**$'000**
Deferred tax assets	(24,826)	15,868
Deferred tax liabilities	24,836	(16,042)
Aggregate income tax credit / (expense)	**10**	**(174)**

(b) Numerical reconciliation of income tax to prima facie tax payable

A reconciliation of the differences between prima facie tax, calculated as 28% of the profit or loss before income tax for the year and the actual income tax expense recognised in the Statement of Comprehensive Income for the year is as follows:

	2013	**2012**
	$'000	**$'000**
(Loss) / Profit before Income Tax	(38)	622
Tax at the New Zealand tax rate of 28%	10	(174)
Tax effect of non-taxable amounts	-	-
Tax effect of non-deductible amounts	-	-
Income tax credit / (expense)	**10**	**(174)**
(Loss) / Profit after Income Tax	**(28)**	**448**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

(c) Tax Losses

There are no unused tax losses for which a deferred tax asset has not been recognised.

(d) Taxation Basis

The principal elements for the calculation of the taxable income are as follows:

(i) Investment earnings made up of interest received
(ii) Premiums Earned
(iii) Other Income

The allowable deductions for each taxable class of business in New Zealand include:

(i) Claim Payments
(ii) Commissions
(iii) General Management Expenses
(iv) Other Expenses referable to the business

NOTE 10. Cash and Cash Equivalents

i) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, Cash includes in banks. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position:

	2013	2012
	$'000	$'000
Cash at Bank	1,513	347
Total Cash and Cash Equivalents	**1,513**	**347**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

ii) Reconciliation of Profit & (Loss) from Operating Activities after Income Tax to Net Cash Flows from Operations

	2013	2012
	$'000	$'000
(Losses) / Gains from Operating Activities after Income Tax	**(28)**	**448**
Classified as investing activities, changes in net market value of investments		
Movement in realised & unrealised losses	6	20
(Loss) / Profit from Operating Activities after Income Tax	(22)	468
Change in Assets and Liabilities during the year:		
Decrease in Accrued Investment Income	7	-
Decrease / (Increase) in Outstanding Premiums	185	(1,995)
Increase in Sundry Debtors	(111,196)	(3,811)
Decrease / (Increase) in Deferred Tax Asset	24,816	(15,868)
Decrease in Ceded Life Reinsurance Contract Liabilities	123,379	-
Increase in Accounts Payables	30,571	55,425
Increase / (Decrease) in Witholding Tax Payable	47	-
Decrease in Provisions	-	(36)
(Decrease) / Increase in Deferred Tax Liability	(24,836)	16,033
Decrease in Assumed Life Reinsurance Contract Liabilities	(42,925)	(50,192)
Net Cash provided by Operating Activities	**26**	**24**

NOTE 11. Financial Assets at Fair Value

	2013	2012
	$'000	$'000
Fixed Interest Investments		
New Zealand Government Stock 6.50% 15APR2013	-	506
Total Financial Assets at Fair Value	**-**	**506**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

NOTE 12. Receivables

	2013	2012
	$'000	$'000
Amounts due from SCOR Global Life SE - Singapore branch		
For ceded transactions	108,813	-
For Goods & Services Tax refund	7,828	5,332
Outstanding Premiums	1,810	1,995
Amount due from the IRD for Goods & Services Tax refund	597	710
Financial Assets Interest Income receivable	-	7
Total Receivables	**119,048**	**8,044**
Non-current	**116,641**	**5,332**

NOTE 13. Deferred Tax

	2013	2012
	$'000	$'000
Deferred tax asset at beginning of the year	**24,816**	**8,948**
Loss from continuing operations	(24,816)	15,868
Deferred tax asset at end of the year	**-**	**24,816**
Deferred tax liability at beginning of the year	**24,836**	**8,803**
Deferred acquisition costs	(24,836)	16,033
Deferred liability asset at end of the year	**-**	**24,836**
Net deferred tax	**-**	**(20)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

NOTE 14. Payables

	2013	2012
	$'000	$'000
Amount owed to related parties		
SCOR Global Life SE - Singapore branch	119,001	88,430
Total Payables	**119,001**	**88,430**
Non-current	**119,001**	**88,430**

NOTE 15. Auditor's Remuneration

	2013	2012
	$'000	$'000
The auditor of the Branch is Ernst & Young.		
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- An audit of the financial report of the entity	22	26

NOTE 16. Related Party Disclosures

a) The Directors of SCOR Global Life SE - New Zealand branch during the year were:

- Denis KESSLER
- Paolo DE MARTIN
- Philippe TRAINAR
- Mark KOCIANCIC (Appointed 21 June 2013)
- Frieder KNÜPLING (Appointed 21 June 2013)
- Gilles MEYER (Ceased date 31 December 2013)

b) Ultimate Controlling Entity:

SGL SE is a profit-oriented entity incorporated as a French overseas company, under the New Zealand Companies Act 1993, and operating in New Zealand as a Branch. The direct and ultimate parent of SGL SE is SCOR SE, a company both domiciled and incorporated in France and listed on the Euronext Paris.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

c) The following related party transactions occurred during the financial year:

Related Party Transactions

	2013		
		$'000	
	Amounts owed by related parties*	Amounts owed to related parties*	Revenue / (Expense)
SCOR Global Life SE - Singapore branch			
Reinsurance balance	-	119,001	108,766
Goods & Services Tax refund	7,828	-	-
Ceded transaction recoveries	108,813	-	-
Expenses and recoveries of the Branch	-	-	1,739
	116,641	**119,001**	**110,505**

* The amounts are classified as receivables and payables, respectively.

	2012		
		$'000	
	Amounts owed by related parties*	Amounts owed to related parties*	Revenue / (Expense)
SCOR Global Life SE - Singapore branch			
Reinsurance balance	-	86,691	-
Goods & Services Tax refund	5,332	-	-
Ceded transaction recoveries	-	-	-
Expenses and recoveries of the Branch	-	1,739	(1,074)
	5,332	**88,430**	**(1,074)**

Economic Dependency

The Branch is reliant on SGL SE to provide all financial support to meet its business commitments. It is also noted that the Branch fully relies on SGL SE to comply with the solvency requirements under the RBNZ "Solvency Standard for Life Insurance Business".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

NOTE 17. Events Subsequent to Balance Date

In the interval between the end of the year and the date of this report no item, transaction or event of a material nature, likely to affect significantly the operations of the Branch or the state of affairs of the entity in future financial years has arisen.

NOTE 18. Commitments and Contingent Liabilities

SCOR Global Life SE and its subsidiaries regularly take part in judiciary and arbitration procedures, within the normal framework of their activities. However, to the best of the knowledge of the Branch , there does not exist, on the date of approval of this financial statements, any litigation likely to have or have had in the recent past significant impact on the financial situation, the activity and operating results of the Branch.

NOTE 19. Risk Management

Risk Management Framework

Day to day management of the Branch is the responsibility of the Branch Chief Executive Officer (CEO) . The CEO recommends changes in the business, performance, goals, strategies and plans of the Branch. The CEO monitors aggregate risk data and make overall risk management decisions. The two risks with potentially the most serious outcomes are counter-party failure or inadequate capital funding. Both are deemed to be unlikely.

The Board has in place an integrated framework of controls designed to safeguard the Group's assets and interests and to ensure the integrity of its reporting.

Capital Risk Management

The Branch's main objective is to safeguard its ability to continue as a going concern, so that it can continue to provide returns and benefits for its stakeholders while maintaining the solvency requirements prescribed by the Prudential Standards.

Solvency requirements established by the RBNZ are in place to reinforce safeguards for policyholders' interests and primarily relate to the Branch's ability to meet future claims payments.

Solvency Information

The Branch adheres to the Solvency Standard for Life Insurance Business issued by the RBNZ in August 2011 and guidance from the New Zealand Society of Actuaries ('NZSA')

Separate to policy liabilities recognised in the balance sheet, a life reinsurer shall disclose its regulatory solvency position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

The Solvency Margin is designed to give a reasonable expectation that an entity has sufficient assets to:

- meet its obligations to existing policyholders, including appropriate allowances for future bonuses and to creditors under a range of adverse conditions; and
- meet its obligations to policyholders and creditors should all policies discontinue and current surrender values be paid.

These additional reserves provide a cushion against adverse experience in managing long-term risks.

The Branch's unaudited solvency return calculation results at 31 December 2013 were:

Solvency calculation results	**2013**	**2012**
	$'000	**$'000**
Actual Solvency Capital	1,513	853
Minimum Solvency Capital	1,116	821
Solvency Margin	397	31

	2013	**2012**
Solvency ratio	1.36	1.04

Financial Instruments Categories

As at the end of the reporting year, the Branch held the following financial instruments:

	2013	**2012**
	$'000	**$'000**
ASSETS		
Cash and Cash Equivalents	1,513	347
Financial Assets at fair value (through profit or loss)	-	506
Receivables	119,048	8,044
TOTAL ASSETS	**120,561**	**8,897**
LIABILITIES		
Payables	119,001	88,430
Witholding tax payable	47	-
TOTAL LIABILITIES	**119,048**	**88,430**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Refer below for details of valuation methods used for each category of financial assets and liabilities.

Fair value hierarchy

The Branch uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 – the fair value is calculated using quoted prices in active markets

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data

At balance date, the Branch had no financial assets exposed to New Zealand variable interest rate risk (2012: NZD$ 506k)

Concentration of Life Reinsurance Risk

The life reinsurance business of the Branch involves a number of non-financial risks concerned with the pricing, acceptance and management of the mortality, morbidity and longevity risks accepted from policyholders.

Key objectives in managing insurance risk are:

(i) To ensure sound business practices are in place for underwriting risks and claims management;
(ii) To ensure solvency and capital requirements are met.

Insurance risks are controlled through the use of underwriting procedures and adequate premium rates and policy charges. Tight controls are also maintained over claims management practices to ensure the correct and timely payment of reinsurance claims.

The Branch aims to maintain a portfolio of policyholders with a broad spread of reinsurance risk types, ages, sexes, occupation classes and geographical locations for the individual and group risk business.

Credit Risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Credit risk arises from the financial assets of the Branch, which comprise cash and cash equivalents, receivables, and financial assets at fair value through profit and loss. The Branch trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Branch's policy to securitise its receivables.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

Credit quality of financial assets

The Branch holds its Cash within two major banks. The interest rate is variable and cash is available at call.

There were no financial assets that are past due or impaired at balance date (2012: Nil). The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Equivalent Standard & Poor's Rating	2013	2012
- AA and above	$'000	$'000
Cash and Cash Equivalents	1,513	347
Financial Assets at fair value (through profit or loss)	-	506

The Branch has processes in place to ensure that services are performed for customers with an appropriate credit history and cash is held with financial institutions of high credit-worthiness.

Concentration of credit risk

Concentration of credit risk exists if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

The concentration of credit risk on financial assets is generally the carrying amount, net of any provisions for doubtful debts.

Interest rate risk

Interest rate risk is the risk of loss to the Branch's earnings or capital arising from movements in interest rates, including; changes in the absolute levels of interest rates, the shape of the yield curve, the margin between different yield curves and the volatility of interest rates.

Management of the risks associated with investments undertaken by the Branch, including interest rate risk is subject to the relevant regulatory requirements.

Sensitivity Analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date, 31 December 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements:

		2013	2012
(Loss) / Profit after Income Tax higher / (lower)		$'000	$'000
Change in interest rates of:	+ 1% (100 basis points)	8	-
	- 1% (100 basis points)	(8)	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

The Branch does not hold any interest bearing financial liabilities.

Liquidity Risk

Liquidity risk is the risk that the Branch will encounter difficulties in meeting its debt obligations, or other cash outflows, as they fall due because of a lack of liquid assets or access to adequate funding on acceptable terms.

Prudent liquidity risk management requires the maintenance of sufficient cash and access to funding to meet current and future obligations of the Branch. The Branch manages liquidity risk by continuously monitoring forecast and actual cash flows.

Economic Dependency

The Branch is reliant on SGL SE to provide all financial support to meet its business commitments. It is also noted that the Branch fully relies on SGL SE to comply with the solvency requirements under the RBNZ “Solvency Standard for Life Insurance Business”.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2013