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The Directors present their strategic report for Tawa Associates Limited ("the Company" and together with its subsidiaries the "Group") for the year ended 31 December 2015.

Principal activity and review of business

The Company's current principal activity is as a holding company for insurance and reinsurance risk carriers, an insurance management company, an insurance intermediary and a number of intermediate holding companies. The objective of the Company is to maximise the payment of dividends to shareholders through the realisation of cash from its remaining investments and to manage the outstanding litigation and operating expenses.

The principal developments within the business of the Group in 2015 have been:

- Satisfactory resolution of the legal action brought by QX Reinsurance Company Limited ("QX Re"), a subsidiary of the Group now liquidated, against Pennsylvania National Mutual Casualty Insurance Company ("Penn National") in the Delaware federal court. This action was in relation to alleged fraudulent failures to disclose material data and accurately represent third party reinsurance arrangements in connection with QX Re's provision of a reinsurance treaty protecting Penn National;
- Acquisition of the remaining shares of CX Reinsurance Company Limited ("CX Re"), so that from February 2015 CX Re has been a subsidiary of the Group;
- Completion of the sale of the shares in subsidiary PXRE Reinsurance Company ("PXRE") to the Catalina group following receipt of regulatory approval. Proceeds from this sale contributed to the repayment of $11.9 million of bank debt. The $10.1 million of subordinated debt within Island Capital Limited is the only remaining external debt within the Group;
- Continued development of the business of Lodestar Marine Limited ("Lodestar"), a subsidiary which operates as a marine managing general agent ("MGA") writing protection and indemnity insurance; and
- Cancellation of shares in return for a payment of $19.2 million to shareholders, equivalent to 11p per share.

During the year, the Group also invited offers for the share capital of CX Re. Ultimately, no offers considered satisfactory to the Group were received. The Group is now focused on continuing actively to reduce the volatility of the claims portfolio of CX Re to realise, over time, value from the investment in the company.

Development and financial performance during the year

The principal key performance indicators for the Group are:

- Free cash generated by the Company through sale of investments, management of litigation and expenses;
- Changes in the net assets of the Group and the individual risk carriers;
- Descaling and de-risking of the reserves of the risk carriers;
- Gross premium written, EBITDA of Lodestar and the claims ratio of business written on behalf of the risk carriers; and
- Successful outcome of the litigations, measured in removal of volatility and net cash received either through judgement awards or settlements.

Net free cash held by the holding company decreased by $4.4 million to $5.7 million due to the developments outlined above.

Gross outstanding claims in CX Re were reduced by $8.0 million due to the claims and commutations agreed during the year, partly offset by increases in projected claims handling costs.

Gross premium, written by Lodestar on behalf of RSA, in 2015 was $27.8 million (2014: $25.0 million). Loss before finance charges and forex was $(1.0) million (2014: $(1.2) million). The claims ratio on business written up to the end of 2015 was 51.1% (2014: 48.3%).

Comprehensive income for 2015 was $4.6 million (2014: $(26.0) million). The 2015 result was driven by the following:

- Settlement of legal action: $22.1 million;
- Loss due to increases in CX Re's net technical provisions: $(9.0) million;
- Operating expenses including litigation expenses: $(3.2) million;
- Adjusting the book value of PXRE to the actual proceeds from the sale: $(1.5) million;
- Loss incurred by Lodestar: $(1.0) million;
- Forex losses and interest payments: $(1.2) million; and
- Write-down of QX Re on liquidation: $(1.4) million.

Financial position at the reporting date

Total shareholders' funds decreased during 2015 from $57.3 million to $43.1 million primarily due to:

- Comprehensive income: $4.6 million; and
- Payment to shareholders for cancelling shares: $19.2 million.

Principal risks and uncertainties

In the ordinary course of business, the Group is exposed to, and manages, a variety of risks, with insurance, credit and liquidity risk being of particular significance. Further details relating to these risks can be found in the insurance risk management and the financial risk management notes on pages 37 and 40 respectively.

By Order of the Board

M B W Bruce
Secretary
24 March 2016

The Directors present their annual report, together with the financial statements of Tawa Associates Limited ("the Company" and together with its subsidiaries "the Group") for the year ended 31 December 2015.

Directors

The Directors of the Company are listed on page 6 and unless otherwise stated all served throughout the year.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor has expressed her willingness to continue in office as auditor and a resolution to reappoint the auditor will be proposed at the forthcoming Annual General Meeting. Mazars LLP will continue as auditor in accordance with s487(2) of the Companies Act 2006.

Going concern

The Directors are satisfied that the Group has sufficient resources to continue for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts. As of this date, there are no post balance sheet events to suggest any going concern issues.

Share capital

During the year 111,492,198 bonus shares were issued from the merger reserve with a nominal value of $19.199 million. These bonus shares were then cancelled in return for a payment of $19.199 million, equivalent to 11 pence per share.

Directors' remuneration

Total remuneration paid by Group companies to the Group's Directors during 2015 was as follows:

- Gilles Erulin - $496,609;
- Colin Bird - $240,779; and
- David Vaughan - $282,033.

Financial instruments

The Group's subsidiaries invest in fixed income bonds, cash instruments and purchased reinsurance debt. Such investments are structured to mitigate exposure to changes in interest rate and foreign exchange rates through asset and liability matching strategies as recommended and monitored by the Group's Treasury Committee. The fixed income and cash instruments are selected to ensure that adequate liquidity is provided for the operations of the Group companies. Derivatives are not used by the Group companies.

Future developments

The Company will continue to effect its strategy to maximise the payment of dividends to shareholders through the realisation of cash from its remaining investments and to manage the outstanding litigation and operating expenses.

Directors' indemnities

The Company is a beneficiary of insurance cover for its Directors and Officers against liabilities which may be incurred by them while acting as Directors and Officers. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify its Directors and Officers, to the extent permitted by law and the Company's articles of association, against all costs, charges, losses, liabilities and expenses that they may incur in the execution of their duties, powers and offices as Directors and Officers of the Company. Copies of these indemnities are kept at the Company's office and are open for inspection by any member of the Company without charge. For the Group, Tawa Associates Limited maintains the pertinent policy and the Directors and Officers of its subsidiaries (Tawa Management Limited, Tawa Management (Bermuda) Limited, CX Reinsurance Company , WT Holdings Incorporated, Amberley Alternative Assets Limited, Island Capital Limited, ICL Holdings Incorporated, Pocono Holdings Limited, Lodestar Marine Limited and Q360 Limited) have benefits pursuant to that policy.

Dividends

No dividends were paid to the shareholders during the year (2014: $nil).

By Order of the Board

M B W Bruce
Secretary
24 March 2016

Corporate information

Directors
C G Bird – Chairman
G M J Erulin – Chief Executive Officer
D A Vaughan

Registered Office
120 Pall Mall
London
United Kingdom
SW1Y 5EA

Company Number
4200683

Company Secretary
M B W Bruce (appointed 25 May 2015)
C H E Jones FCIS (resigned 30 April 2015)

Statutory Auditor
Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

We have audited the consolidated financial statements of Tawa Associates Limited for the year ended 31 December 2015 which comprise the consolidated profit and loss account and other comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, the Company balance sheet, the Company statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of Directors and auditor

As explained more fully in the statement of Directors' responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Amanda Barker (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditors
Tower Bridge House
St Katharine's Way
London, E1W 1DD
29 March 2016

Consolidated profit and loss account and other comprehensive income

TAL

For the year ended 31 December 2015

Technical account – General business	31 Dec 2015			Pro-forma 31 Dec 2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	US$000	US$000	US$000	US$000	US$000	US$000
Gross premiums written and earned	243	(54)	189	11	(96)	(85)
Outward reinsurance premiums	167	-	167	(6)	33	27
Net premiums written and earned	410	(54)	356	5	(63)	(58)
Allocated investment income from the Non-Technical Account	2,263	(15)	2,248	373	250	623
Claims paid						
Gross amount	(13,162)	(1,557)	(14,719)	5,567	(27,740)	(22,173)
Reinsurers' share	1,838	53	1,891	(3,056)	1,690	(1,366)
	(11,324)	(1,504)	(12,828)	2,511	(26,050)	(23,539)
Change in the provision for claims						
Gross amount	5,650	240	5,890	(9,042)	27,652	18,610
Reinsurers' share	136	(6)	130	6,258	(5,004)	1,254
Impact of discounting	(1,117)	-	(1,117)	-	-	-
	4,669	234	4,903	(2,784)	22,648	19,864
Net claims incurred	(6,655)	(1,270)	(7,925)	(273)	(3,402)	(3,675)
Net operating expenses	(3,256)	(514)	(3,770)	1	(1,700)	(1,699)
Balance on the Technical Account - General Business	(7,238)	(1,853)	(9,091)	106	(4,915)	(4,809)

The notes on pages 15 to 48 form part of these financial statements.

Non-technical account – General business		31 Dec 2015			Pro-forma 31 Dec 2014		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Notes	US$000	US$000	US$000	US$000	US$000	US$000
Balance on the Technical Account - General Business		**(7,238)**	**(1,853)**	**(9,091)**	106	(4,915)	(4,809)
Investment income and realised net gains	3	**3,593**	**129**	**3,722**	393	441	834
Unrealised net investment losses	3	**(471)**	**(75)**	**(546)**	(12)	(126)	(138)
Investment expenses and charges	3	**(859)**	**(69)**	**(928)**	(8)	(65)	(73)
Allocated to the Technical Account		**(2,263)**	**15**	**(2,248)**	(373)	(250)	(623)
Investment return		**-**	**-**	**-**	-	-	-
Other income	4	**6,400**	**22,054**	**28,454**	13,372	-	13,372
Other charges	5	**(13,330)**	**(42)**	**(13,372)**	(24,141)	(41)	(24,182)
Loss on disposal of subsidiary undertaking	16	**-**	**(940)**	**(940)**	-	(7,347)	(7,347)
Share of results of associated undertaking	14	**-**	**-**	**-**	(639)	-	(639)
Finance costs		**(694)**	**-**	**(694)**	(1,328)	(7)	(1,335)
Profit/(loss) on ordinary activities before taxation	6	**(14,862)**	**19,219**	**4,357**	(12,630)	(12,310)	(24,940)
Taxation	10	**1,084**	**-**	**1,084**	471	-	471
Profit/(loss) for the financial year		**(13,778)**	**19,219**	**5,441)**	(12,159)	(12,310)	(24,469)
Other comprehensive losses							
Currency translation differences on foreign operations				**(818)**			(1,521)
Total comprehensive income/(losses)				**4,623**			(25,990)
Profit/(loss) for the financial year attributable to:							
Non-controlling interest				**(35)**			(343)
Equity shareholders of the Company				**5,476**			(24,126)
				5,441			(24,469)
Total comprehensive income/(losses) for the year attributable to:							
Non-controlling interest				**(35)**			(343)
Equity shareholders of the Company				**4,658**			(25,647)
				4,623			(25,990)

The notes on pages 15 to 48 form part of these financial statements.

Consolidated balance sheet

TAL

As at 31 December 2015

	Notes	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
ASSETS			
Investments			
Investment in associate undertaking	14	**-**	4,476
Other financial investments			
Listed variable yield securities and unit trusts	17	**3,555**	1,050
Debt securities and other fixed income securities	17	**75,441**	28,206
Deposits with credit institutions	17	**3,352**	2,217
Loans and receivables	17	**5,705**	174
		88,053	31,647
Reinsurers' share of technical provisions			
Claims outstanding	18	**15,625**	3,128
Debtors			
Debtors arising out of direct insurance operations		**58**	1,075
Debtors arising out of reinsurance operations		**2,606**	2,506
Other debtors	19	**10,180**	41,746
		12,843	45,327
Other assets			
Tangible assets	20	**78**	76
Cash at bank and in hand		**21,647**	26,363
		21,725	26,439
Prepayments and accrued income		**3,337**	192
Total assets		**141,583**	111,209
LIABILITIES			
Capital and reserves			
Called up share capital	22	**-**	-
Merger reserve		**46,999**	85,962
Profit and loss account		**(3,915)**	(28,619)
Total shareholders' funds		**43,084**	57,343
Non-controlling interest		**750**	785
Technical provisions			
Claims outstanding	18	**72,747**	10,619
Creditors			
Creditors arising out of direct insurance operations		**1,184**	-
Creditors arising out of reinsurance operations		**4,162**	5,183
Other creditors	21	**19,656**	37,279
		25,002	42,462
Total liabilities		**141,583**	111,209

The notes on pages 15 to 48 form part of these financial statements.

The consolidated financial statements of Tawa Associates Limited were approved by the Board of Directors and authorised for issue on 22 March 2016 and were signed on its behalf on 23 March 2016 by:

C G Bird
Chairman

G M J Erulin
Chief Executive Officer

Consolidated statement of cash flows

TAL

For the year ended 31 December 2015

	Notes	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Net cash flows from operating activities	23	**(8,678)**	(13,383)
Cash flows from investing activities			
Investment income and realised net gains		**5,500**	991
Acquisition of subsidiary undertakings	15	**13,193**	-
Disposal of subsidiary undertaking	16	**8,849**	-
Payments to acquire other financial investments		**(749,451)**	(31,278)
Receipts from sales of other financial investments		**755,491**	59,428
Payments to acquire tangible assets		**(78)**	-
Cash transferred from investing activities		**2,572**	-
Net cash flows from investing activities		**36,076**	29,141
Cash flows from financing activities			
Share capital buy back		**(19,199)**	-
Repayment of unsecured loans		**(11,803)**	(7,061)
Interest paid		**(741)**	(1,335)
Net cash flows from financing activities		**(31,743)**	(8,396)
Net increase in cash and cash equivalents		**(4,345)**	7,362
Cash and cash equivalents at the beginning of the year		**26,363**	19,254
Effect of foreign exchange rate changes		**(371)**	(253)
Cash and cash equivalents at the end of the year		**21,647**	26,363
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		**21,647**	26,363
Cash and cash equivalents		**21,647**	26,363

The notes on pages 15 to 48 form part of these financial statements.

Cash of $0.078 million (2014: $nil) is not available for use by the Group due to legal restrictions or other controls.

Consolidated statement of changes in equity

TAL

For the year ended 31 December 2015

	Called up share capital	Equity attributable to equity shareholders of the Company: Called up share capital	Merger reserve	Profit and loss account	Total	Non-controlling interest	Total
	GBP£	US$000	US$000	US$000	US$000	US$000	US$000
At 1 January 2014	112	-	85,962	(2,972)	82,990	1,128	84,118
Loss for the financial year	-	-	-	(24,126)	(24,126)	(343)	(24,469)
Other comprehensive losses:							
Currency translation differences on foreign operations	-	-	-	(1,521)	(1,521)	-	(1,521)
Total comprehensive losses	-	-	-	(25,647)	(25,647)	(343)	(25,990)
At 31 December 2014	112	-	85,962	(28,619)	57,343	785	58,128
At 1 January 2015	**112**	**-**	**85,962**	**(28,619)**	**57,343**	**785**	**58,128**
Profit for the financial year	**-**	**-**	**-**	**5,476**	**5,476**	**(35)**	**5,441**
Other comprehensive losses:							
Currency translation differences on foreign operations	**-**	**-**	**-**	**(818)**	**(818)**	**-**	**(818)**
Total comprehensive income/(losses)	**-**	**-**	**-**	**4,658**	**4,658**	**(35)**	**4,623**
Issue of B shares	**12,374,142**	**19,199**	**-**	**-**	**19,199**	**-**	**19,199**
Cancellation of B shares	**(12,374,142)**	**(19,199)**	**-**	**-**	**(19,199)**	**-**	**(19,199)**
Capitalisation of merger reserve for issue and extinguishment of B shares	**-**	**-**	**(19,199)**	**-**	**(19,199)**	**-**	**(19,199)**
Merger reserve realised and transferred to the profit and loss account	**-**	**-**	**(20,046)**	**20,046**	**-**	**-**	**-**
Other movements	**-**	**-**	**282**	**-**	**282**	**-**	**282**
	-	**-**	**(38,963)**	**20,046**	**(18,917)**	**-**	**(18,917)**
At 31 December 2015	**112**	**-**	**46,999**	**(3,915)**	**43,084**	**750)**	**43,834**

The notes on pages 15 to 48 form part of these financial statements.

The merger reserve arising on consolidation is the carrying values of the assets merged in excess of the cost of the shares acquired over the nominal value of the shares issued.

The profit and loss reserve represents cumulative profits or losses, including currency translations on foreign operations, net of dividends paid and other adjustments.

Non-controlling interest reserve represents the share of non-controlling interests held in the cumulative profits and losses of the Group.

Company balance sheet

TAL

As at 31 December 2015

	Notes	31 Dec 2015 US$000	31 Dec 2014 US$000
Fixed assets			
Investments in subsidiary undertakings	14	**25,920**	15,368
Associate	14	**-**	3,949
		25,920	19,317
Current assets			
Other debtors	19	**10,907**	53,222
Cash at bank and in hand		**5,669**	10,086
		16,576	63,308
Current liabilities			
Other creditors - amounts falling due within one year	21	**(3,312)**	(5,493)
Net current assets		**39,184**	77,132
Other debtors - amounts falling due after one year	19	**3,939**	-
Net assets		**43,123**	77,132
Capital and reserves			
Called up share capital	22	**-**	-
Merger reserve		**27,939**	89,526
Profit and loss account		**15,184**	(12,394)
Total shareholders' funds		**43,123**	77,132

The notes on pages 15 to 48 form part of these financial statements.

The financial statements of Tawa Associates Limited (Company number: 4200683) were approved by the Board of Directors and authorised for issue on 22 March 2016 and were signed on its behalf on 23 March 2016 by:

C G Bird
Chairman

G M J Erulin
Chief Executive Officer

Company statement of changes in equity

TAL

For the year ended 31 December 2015

	Called up share capital GBP£	Called up share capital US$000	Merger reserve US$000	Profit and loss account US$000	Total US$000
At 1 January 2014	112	-	-	(845)	(845)
Loss for the financial year	-	-	-	(11,549)	(11,549)
Reserve created on merger	-	-	89,526	-	89,526
At 31 December 2014	112	-	89,526	(12,394)	77,132
At 1 January 2015	**112**	**-**	**89,526**	**(12,394)**	**77,132**
Loss for the financial year	**-**	**-**	**-**	**(17,821)**	**(17,821)**
Issue of B shares	**12,374,142**	**19,199**	**-**	**-**	**19,199**
Cancellation of B shares	**(12,374,142)**	**(19,199)**	**-**	**-**	**(19,199)**
Capitalisation of merger reserve for issue and extinguishment of B shares	**-**	**-**	**(19,199)**	**-**	**(19,199)**
Merger reserve realised and transferred to the profit and loss account	**-**	**-**	**(45,399)**	**45,399**	**-**
Reassessment of economic interest	**-**	**-**	**2,729**	**-**	**2,729**
Other movements	**-**	**-**	**282**	**-**	**282**
At 31 December 2015	**112**	**-**	**27,939**	**15,184**	**43,123**

The notes on pages 15 to 48 form part of these financial statements.

The Company merger reserve is the excess of the cost of the shares acquired over the nominal value of the shares issued.

The Company profit and loss reserve represents cumulative profits or losses, including currency translations on foreign operations, net of dividends paid and other adjustments.

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year in dealing with items which are considered material in relation to the Group's and Company's financial statements.

Basis of accounting

The Group financial statements have been prepared in accordance with Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 SI 2008/410. The balance sheet of the Parent Company has been prepared in accordance with Schedule 1 of SI 2008/410.

The financial statements are presented in thousands of US dollars, rounded to the nearest thousand. They have been prepared under the historical cost convention, as modified to include certain items at fair value, and are in accordance with Financial Reporting Standards ("FRS") 102 and 103 issued by the Financial Reporting Council.

There were no material adjustments on adoption of FRS 102 and FRS 103 in the current or comparative year. For more information refer to note 32.

As permitted by FRS 103, the Group has applied existing accounting policies for insurance contracts.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel, the shareholders do not object to the use of these exemptions.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also details: the financial position of the Group; its cash flows, liquidity position and borrowing facilities. The Group's objectives, policies and processes for managing its insurance risk; financial risk; capital; including details of its financial instruments and its exposure to credit risk and liquidity risk are detailed in notes 25, 26 and 27 respectively. For the assessment of the going concern of the Company and the Group the Directors have reviewed the following:

- cash flow forecasts for the Company and Group;
- the Group's exposure to changes in interest rates and foreign exchange rates; and
- the status of the litigation activities.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts. There are no subsequent events to suggest any going concern issues.

1. Accounting policies continued

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December each year, with the exception of subsidiary undertaking Lincoln General Insurance Company, which is excluded from consolidation as it has been placed into voluntary liquidation, as disclosed in note 2.

The results of subsidiaries acquired or sold are included in the consolidated financial statements for the periods from or to the date on which control passed, except when a business combination is accounted for using the merger accounting method.

Business combinations are accounted for using the purchase method, with the exception of Group reconstructions which are accounted for using the merger accounting method. The purchase method entails, where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

On 3 April 2014 a significant Group reconstruction was accounted for using merger accounting, which treated the merged entities as if they had been combined throughout the comparative accounting periods. Merger accounting principles for these combinations gave rise to a merger reserve in the consolidated balance sheet.

In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition. More information can be found in note 32 to these financial statements.

Investments in subsidiary undertakings

In the Company balance sheet investments in subsidiary undertakings are stated at cost less, where appropriate, provisions for impairment.

Investments in associate undertakings

In the Group financial statements investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price, including transaction costs, and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

In the Company balance sheet investments in associates are stated at cost less, where appropriate, provisions for impairment.

Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost, less the estimated residual value of each asset on a straight line basis over its estimated useful economic life as follows:

Fixtures and fittings	12.50% per annum
Computer equipment	33.33% per annum

Fixed assets are also subject to an annual review for impairment. Any impairment charge is included within operating profits.

1. Accounting policies continued

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group has chosen to apply the provisions of both Section 11 and Section 12, of FRS 102, in full to account for all of its financial instruments.

Financial assets and liabilities

Financial investments

Financial investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available. If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

The Group manages financial investments held to cover its insurance liabilities on the same basis, being fair value. Investments are therefore stated at fair value at the balance sheet date with any resultant gain or loss recognised in the profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in investment return in the profit or loss. Transaction costs directly attributable to the acquisition of financial investments are recognised immediately in the profit or loss.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Debtors and creditors

Debtors and creditors are initially measured at the transaction price including transaction costs, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the debtor or creditor is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debtors and creditors that are due within one year

Debtors and creditors which meet the conditions of basic financial instruments that are classified as payable or receivable within one year on initial recognition are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Any losses arising from impairment are recognised in the profit or loss in other operating expenses.

Debtors and creditors that are due after one year

Debtors and creditors which meet the conditions of basic financial instruments that are classified as payable or receivable after one year on initial recognition are subsequently measured at amortised cost using the effective interest method. As the Group revises its estimates of payments or receipts, the carrying amount of these financial assets or financial liabilities is adjusted to reflect actual and revised estimated cash flows. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The resulting adjustment is recognised as income or expense in profit or loss at the date of the revision.

1. Accounting policies continued

Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled, the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Deferred taxation is provided in full on timing differences between recognition of gains and losses in the financial statements and the recognition for taxation purposes. Deferred taxation liabilities are provided in relation to transactions that have occurred by the balance sheet date. Deferred taxation assets are recognised when it is considered that the benefit is more likely than not to accrue to the Company. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1. Accounting policies continued

Turnover

Intermediaries' commission income represents retained brokerage and fees receivable which are taken into account at the later of the policy inception date or when the policy placement has been substantially completed and confirmed. This is included in "other income" within the non-technical account. In addition, an element of income is deferred to account for future servicing obligations. Where there is an expectation of future servicing requirements, a proportion of income is deferred to cover the associated obligations under the policy contract.

Intermediaries' commission income also comprises commissions for services provided. Insurance commission is recognised in full in the month when the policy is incepted. Commission for policies written prior to the balance sheet date but incepting after the balance sheet date is deferred until the inception date. Where there is an expectation of future servicing requirements, a proportion of income is deferred to cover the associated obligations under the policy contract.

Management fees and consultancy income are attributable to providing management and operational services relating to the insurance industry. Revenue is recognised net of trade discounts and VAT as the services are provided to other Group companies. All turnover arose within the United Kingdom and related to the provision of management services within the insurance industry.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The results of foreign operations are translated at the rates of exchange ruling at the date of the transactions and their balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of foreign operations are reported in other comprehensive income and accumulated in equity, attributed to non-controlling interests as appropriate.

All other exchange differences are included in the profit and loss account.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1. Accounting policies continued

Basis of accounting for underwriting activities

All classes of business are accounted for on an annual basis, whereby the incurred cost of claims, commissions and expenses are charged against the earned proportion of premiums, net of reinsurance arising in the financial period.

Premiums

Premiums written include adjustments to premiums written in prior accounting periods and estimates for pipeline premiums. For inwards proportional reinsurance treaties and certain binding authorities and lineslips, written premium is included in line with anticipated writing patterns of cedants and agents. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business.

Claims incurred and reinsurers' share

Claims incurred include all claims and internal and external claims settlement expense payments made in respect of the financial period, together with the movement in the provision for claims outstanding and internal and external claims settlement expenses, including claims incurred but not reported.

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured.

Claims outstanding and reinsurers' share

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred up to, but not paid at, the balance sheet date, whether reported or not, together with all future costs related to the management of the run-off of the portfolio of claims. Where applicable, prudent estimates are made for salvage and subrogation recoveries.

The gross claims outstanding provisions and related reinsurance recoveries, net of specific provision for doubtful recoveries, are determined on the basis of information currently available. Adjustments to the amount of the provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used and the estimates made are reviewed regularly.

Discounting

The net claims outstanding, estimated as set out in note 2 below, will be paid over a period of many years dependent upon the nature of the underlying risk, the claims outstanding and the related reinsurance recoveries. The net future liabilities have been reduced or "discounted" by an amount representing an estimate of future investment income from income-producing assets set aside to meet net claims liabilities. The payment patterns for claims outstanding are derived by the Group's actuaries from analysis of historical patterns experienced by the relevant subsidiary and other comparable companies in run-off. The Group's investment portfolios have been structured to minimise interest rate exposure such that the maturity profile of the fixed income investments match the maturity profile of the technical provisions. The discount rate, hence anticipated future investment income, has been calculated with reference to relevant dates on the yield curve for treasury bonds in the currencies in which the investments are held. This is consistent with the investment portfolios of the Group which are measured at fair value at the balance sheet date.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Accounting treatment of interest in Lincoln General Insurance Company

On 24 August 2015 the Group acquired 51% of Lincoln General Insurance Company ("LGIC") for a nominal sum, this acquisition is fully disclosed in note 15.

From 25 August 2015 to 13 November 2015, being the dates of acquisition and liquidation respectively, ownership did not constitute control. Since 2009, LGIC has had a total adjusted capital deficit which placed the company at the National Association of Insurance Commission risk-based capital mandatory action Level 5, being mandatory control. Whereby LGIC became subject to a letter agreement with the Pennsylvania Insurance Department which placed significant restrictions on the financial and operating policies of LGIC. As LGIC was de facto under the regulator's supervision because of the restrictions contained in the letter agreement, the Group did not have the necessary substantive rights to give it control or power to govern the financial and operating policies of this subsidiary so as to obtain benefits from its activities.

On 13 November 2015 the Insurance Commissioner of Pennsylvania placed LGIC into voluntary liquidation in Pennsylvania. As a result, the Insurance Commissioner as liquidator has taken over the property, business, and affairs of LGIC. The Group ceased to control LGIC when it became subject to the control of the regulator on 13 November 2015.

On these bases, it is management's view that the Group's ownership of LGIC does not constitute control, within the meaning of applicable accounting standards, and therefore the Group does not consolidate the results of LGIC.

Reinsurance assets

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured in accordance with the accounting policy stated in note 1.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The asset is impaired if objective evidence is available to suggest that it is probable that the Group will not be able to collect the amounts due from reinsurers.

2. Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Valuation of technical provisions

The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies. The uncertainty in the financial statements principally arises in respect of the technical provisions. There is uncertainty as regards the eventual outcome of the claims that have been incurred by the balance sheet date but remain unsettled. This includes claims that may have been incurred but have not yet been notified to the Group companies and those that are not yet apparent to the insured.

As a consequence of this uncertainty, the Group needs to apply sophisticated estimation techniques to determine and review the appropriate provisions.

i) Provisions for claims outstanding and related reinsurance recoveries

As stated in note 1, the Group sets its provision for claims outstanding based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs and net of salvage and subrogation recoveries. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods and market benchmarks, as appropriate. As significant delays occur in the notification of certain claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the balance sheet date.

The adequacy of the claims outstanding provision is assessed by reference to actuarial projections of the ultimate development of claims in respect of each underwriting year. In addition, in certain areas of the portfolio, exposure analysis has been performed. This provision is derived through extensive analysis by the Group's in-house actuaries. The methods used, and the estimates made, are reviewed regularly.

Whilst the Directors consider that the gross provision for claims and the related recoveries are fairly stated on the basis of the information currently available to them, due to their nature there is intrinsic uncertainty in these estimates. This uncertainty is such that the ultimate liability, which will vary as a result of subsequent information and events, may result in adjustments to the amount provided. Adjustments to the amount of the provisions are reflected in the financial statements for the period in which the adjustments are made.

ii) Discounting

The provision for claims outstanding and related reinsurance recoveries are discounted to take account of future investment income which will be generated prior to settlement of the claims. The use of discounted technical provisions in representing the economic position of the Group depends upon the accuracy of the Group's estimates of:

- future claims payments and associated reinsurance recoveries;
- payment profiles attributable to claims payments and related reinsurance recoveries; and
- future rates of return expected on invested assets.

Fair value of financial investments

Determining the fair value of financial investments requires estimation. A financial investment is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The appropriate quoted market price for an asset held is usually the current bid price. When current bid prices are unavailable, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. If conditions have changed since the time of the transaction (e.g. a change in the risk-free interest rate following the most recent price quote for a corporate bond), the fair values reflect the change in conditions by reference to current prices or rates for similar financial instruments, as appropriate.

2. Critical accounting judgements and key sources of estimation uncertainty continued

Subrogation recoveries

Subrogation recoveries in relation to claims paid are valued in the balance sheet taking into account the probability of success and an assessment of the net benefits likely to flow to the Group from settlement of actions to effect such recoveries. There is significant uncertainty over the degree of success and timing of such recoveries.

Contingent liabilities

There is uncertainty surrounding the outcome of disputes, arbitration and litigations in which Group companies are involved.

3. Net investment return

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Continuing operations		
Net investment income and expenses		
Net realised gains/(losses) on financial assets measured at fair value through profit or loss	156	(128)
Total interest income for financial assets at fair value through profit or loss	1,855	521
Total interest income for financial assets at amortised cost	1,582	-
Investment income and realised net gains	3,593	393
Investment expenses and charges	(859)	(8)
Net unrealised gains and losses		
On financial assets measured at fair value through profit or loss	(1,386)	(12)
Revised estimated cash flows on financial assets measured at amortised cost	915	-
Net unrealised gains and losses	(471)	(12)
Total continuing operations net investment return	2,263	373
Discontinued operations		
Net investment income and expenses		
Net realised (losses)/gains on financial assets measured at fair value through profit or loss	(6)	37
Total interest income for financial assets at fair value through profit or loss	135	404
Investment income and realised net gains	129	441
Total investment expenses and charges	(69)	(65)
Net unrealised losses		
On financial assets measured at fair value through profit or loss	(75)	(126)
Total discontinued operations net investment return	(15)	250
Total net investment return	2,248	623

4. Other income

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Continuing operations		
Intermediaries' commission income	**2,657**	2,604
Recharged expenses	**2,203**	4,475
Miscellaneous	**690**	50
Negative goodwill credited to profit or loss	**618**	4,180
Management fees and consultancy income	**232**	2,063
Total other income for continuing operations	**6,400**	13,372
Discontinued operations		
Litigation award	**22,054**	-
Total other income	**28,454**	13,372

5. Other charges

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Continuing operations		
Operating costs	**(13,330)**	(15,230)
Provision for non-recovery of subrogation recoveries	**-**	(5,703)
Economic right to deferred loss on historical sale of CX Reinsurance Company Limited	**-**	(3,208)
Total continuing operations other charges	**(13,330)**	(24,141)
Discontinued operation		
Operating costs	**(42)**	(41)
Total other charges	**(13,372)**	(24,182)

6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after (charging)/crediting:

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Amortisation of financing fee	**(47)**	(188)
Depreciation of tangible fixed assets	**(2)**	(82)
Foreign exchange loss	**(236)**	(972)
Loss on sale of subsidiary	**(940)**	(7,347)
Economic right to deferred loss on historical sale of CX Reinsurance Company Limited in 2006	**-**	(3,208)
Negative goodwill credited to profit or loss	**618**	4,180

7. Auditor's remuneration

An analysis of auditor's remuneration is as follows:

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**54**	66
Fees payable to the Company's auditor for audit of the Company's subsidiaries pursuant to legislation	**131**	38
Fees payable to the Company's auditor for audit of the Company's associate pursuant to legislation	**-**	87
Total audit fees	**185**	191

There were no non-audit services provided to the Group or Company.

8. Staff numbers and costs

The average monthly number of employees including Executive Directors was:

	31 Dec 2015	Pro-forma 31 Dec 2014
Executive and management	**7**	7
Intermediaries	**15**	14
Support	**3**	2
Average number of employees	**25**	23

Their aggregate remuneration comprised:

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Wages and salaries	**3,407**	3,547
Social security costs	**402**	255
Pension costs (see note 28)	**337**	446
Total employees' remuneration	**4,146**	4,248

9. Remuneration of Directors

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Directors' remuneration:		
Emoluments	**967**	923
Company contributions to pension schemes	**52**	76
	1,019	999
Remuneration of the highest paid Director:		
Emoluments	**491**	440
Company contributions to pension schemes	**39**	51
	530	491

Details of transactions with Directors during the year are disclosed in note 31.

Retirement benefits are accruing to two Directors under the Group's defined contribution pension scheme (2014: two)

10. Taxation

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Current taxation		
UK Corporation tax on loss for the period	**-**	-
Consortium relief received at non-standard rates	**982**	-
Foreign tax received at non-standard rates	**102**	471
Taxation	**1,084**	471
Profit/(loss) on ordinary activities before taxation	**4,357**	(24,940)
Taxation at standard UK corporation tax rate of 20.25% (2014: 21.5%)	**(882)**	5,362
Effects of:		
Income/(expenses) not chargeable/allowable for tax purposes	**3,437**	(4,335)
Exchange difference on translation to US dollars	**(117)**	(403)
Effect of tax losses	**(1,931)**	(624)
Relief from prior Group companies at non-standard rates	**(507)**	-
Consortium relief received at non-standard rates	**982**	-
Foreign tax received at non-standard rates	**102**	471
Taxation	**1,084**	471

During the year the UK corporation tax rate was changed from 21% to 20%, effective from 1 April 2015. A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantively enacted in October 2015, and has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date are measured at 20% (2014: 21%).

There is an unrecognised deferred tax asset of $9.83 million (2014: $4.8 million) in respect of accumulated losses that has not been recognised, as it is not certain that the Group will be able to realise this asset by generating sufficient future taxable profits.

11. Loss attributable to the Company

The Parent Company loss for the financial year was $17.821 million (2014: loss $11.548 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Parent Company.

12. Dividends

No dividends were paid during the year (2014: $nil).

13. Discontinued operations

On 27 May 2015 the Group sold its subsidiary undertaking PXRE Reinsurance Company (see note 16). The results and the loss on disposal are presented as discontinued in both the current and comparative year.

On 24 February 2016 QX Reinsurance Company Limited was liquidated. The results are presented as discontinued in both the current and comparative year.

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Loss attributable to discontinued operation PXRE Reinsurance Company	**(469)**	(5,006)
Loss on disposal of subsidiary PXRE Reinsurance Company	**(940)**	(7,347)
Loss attributable to discontinued operation QX Reinsurance Company Limited	**(43)**	43
Total discontinued operations	**(1,452)**	(12,310)

14. Investments

	Group		Company	
	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000	**31 Dec 2015 US$000**	31 Dec 2014 US$000
Investments in subsidiary undertakings	**N/A**	N/A	**25,920**	15,368
Investment in associate undertaking	**-**	4,476	**-**	3,949
Total investments	**-**	4,476	**25,920**	19,317

The Parent Company and the Group have investments in the following subsidiary undertakings:

Subsidiary undertakings	Place of incorporation	Principal activity	Portion of ownership interest and holding
Amberley Alternative Assets Limited *	United Kingdom	Acquisition of debt	100% - 1 £1 ordinary shares
CX Reinsurance Company Limited * (associate, acquired 87.34% on 26 February 2015 and 0.01% on 4 August 2015 and 22 August 2015)	United Kingdom	Carrying out of reinsurance contracts	100 % - 343,920,000 £1 A ordinary shares and 4,280 £1 B ordinary shares
ICL Holdings Incorporated *	United States Delaware	Holding company	100% - 100 $0.01 common stock shares
Island Capital (Europe) Limited (in liquidation)	United Kingdom	Carrying out of reinsurance contracts	94.3% - 2,800,000 £1 ordinary shares
Island Capital Limited (Bermuda)	Bermuda	Carrying out of reinsurance contracts	94.3% - 42,078 $1.50 class A common stock shares 361,000 $1.50 class B common stock shares
Lodestar Marine Limited *	United Kingdom	MGA	100% - 100 £0.10 A ordinary shares and 3,939,192 £1 preference shares
Pocono Holdings Limited *	United Kingdom	Holding company	100% - 300 £1 ordinary shares
Q360 Limited	United Kingdom	Dormant	100% - 2,200 £0.10 A ordinary shares 350 £0.10 B ordinary shares 1,850 £0.10 C ordinary shares 100 £0.10 D ordinary shares 910,215 £1 redeemable preference shares
Q360, Inc	United States Delaware	Dormant	100% - 1 $1 common stock shares
Tawa Management (Bermuda) Limited	Bermuda	Insurance manager	100% - 12,000 $1 ordinary shares
Tawa Management Limited *	United Kingdom	Insurance intermediary	100% - 1 £1 ordinary share
WT Holdings Incorporated	United States Delaware	Holding company	100% - 5,700 $0.01 common stock shares
Other interests			Portion of interest and holding
QX Reinsurance Company Limited	Bermuda		Liquidated
LGIC Holdings, LLC * (acquired on 24 August 2015)	Delaware	Holding company	51% - 510 common stock $0.01 and 2,000 preferred stock $100
Walshire Assurance Company (acquired on 24 August 2015)	Pennsylvania	Holding company	100 % of Lincoln General Insurance Company
Lincoln General Insurance Company (acquired on 24 August 2015)	Pennsylvania	Carrying out of insurance contracts	In liquidation

* Held directly by Tawa Associates Limited

14. Investments continued

QX Reinsurance Company Limited is owned by Pro Global Insurance Solutions plc but has been treated as a subsidiary undertaking as the Group has all economic rights and obligations relating to the investment and controls this investment by directing its financial and operating policies so as to obtain benefits from its activities. QX Reinsurance Company Limited has been liquidated in the current year.

All subsidiary undertakings have been included in the consolidation, with the exception of Lincoln General Insurance Company and its holding companies LGIC Holdings, LLC and Walshire Assurance Company, which are excluded from the consolidation as Lincoln General Insurance Company has been placed into voluntary liquidation, details are fully disclosed in note 2.

	Company	
Investments in subsidiary undertakings	**31 Dec 2015 US$000**	31 Dec 2014 US$000
Cost		
Balance at 1 January	**17,784**	-
Acquisition of subsidiary undertaking (see note 15)	**35,380**	17,784
Subsidiary undertakings cost	**53,164**	17,784
Provisions for impairments		
Balance at 1 January	**(2,416)**	-
Impairment charge	**(24,828)**	(2,416)
Subsidiary undertakings provisions for impairment	**(27,244)**	(2,416)
Carrying value	**25,920**	15,368

During the current year the Company invited offers for the share capital of its subsidiary CX Reinsurance Company Limited. No satisfactory bids for the share capital of CX Reinsurance Company Limited were received indicating that this investment was impaired. As a result an impairment charge of $23.125 million was recognised in the year which is based on the subsidiaries' estimated value in use. Impairment provisions of $1.078 million and $0.625 million were also recognised in the year as a result of decreased subsidiary valuations following dividend extractions and expenses incurred by the respective subsidiaries.

	Group		Company	
Investment in associate undertaking	**31 Dec 2015 US$000**	Pro-forma 31 Dec 2014 US$000	**31 Dec 2015 US$000**	31 Dec 2014 US$000
Share of net assets/cost				
Balance at 1 January	**4,476**	5,115	**3,949**	-
Acquisition of associate undertaking	**-**	-	**-**	3,949
Share of retained loss for the year	**-**	(639)	**-**	-
Transfer to subsidiary (see note 15)	**(4,476)**	-	**(3,949)**	-
Carrying value	**-**	4,476	**-**	3,949

On 26 February 2015 the Company acquired further shares in associate CX Reinsurance Company Limited, fully disclosed in note 15, whereby the associate became a subsidiary undertaking.

15. Acquisition of subsidiary undertakings

CX Reinsurance Company Limited

On 26 February 2015 the Group acquired 87.34% (300,419,679 ordinary non-voting A shares and 1,710 ordinary voting B shares) of the shares in its associate CX Reinsurance Company Limited ("CX Re"), taking its holding from 12.65% to 99.99%. On 4 August 2015 and 22 August 2015 the remaining shares in CX Re, comprising 0.01% capital and 10% voting rights (432 ordinary voting B shares) were transferred to the Group for a nominal amount of £24, taking the total holding from 99.99% to 100%. CX Re's primary activity is the carrying out of reinsurance contracts written prior to August 2001.

In 2006 CX Re was a wholly owned subsidiary of the group, extant at that time. On 21 March 2006 this group disposed of 87.35% of its shareholding and the retained shareholding of 12.65% was accounted for as an associate from that date. Even though 87.35% of its shares were disposed of, deferred consideration based on the net asset value of CX Re remained receivable on the sale. As at 31 December 2014 a deferred asset of $30.904 million was outstanding.

Consideration paid for the re-acquired shares was £2 and an unconditional and irrevocable release from any / all obligations in relation to the 2006 sale referred to in the aforementioned paragraph. The total fair value of the consideration paid was therefore $30.904 million.

The acquisition has been accounted for using the acquisition method. The table below sets out the identifiable assets and liabilities acquired. The accounting policies are aligned with the Group and this is considered the fair value to the Group.

	26 Feb 2015 US$000
Assets	
Other financial investments	88,270
Reinsurers' share of technical provisions - claims outstanding	15,893
Debtors arising out of direct insurance operations	117
Debtors arising out of reinsurance operations	3,172
Other debtors	597
Cash at bank and in hand	13,193
Prepayments and accrued income	443
Liabilities	
Technical provisions - claims outstanding	(79,267)
Creditors arising out of direct insurance operations	(579)
Creditors arising out of reinsurance operations	(4,518)
Other creditors including tax and social security	(1,941)
Total net assets	35,380
Satisfied by:	
Existing share in associate undertaking	4,476
Unconditional and irrevocable release of deferred asset	30,904
	35,380

For the year ended 31 December 2015 a loss of $8.838 million was included in the consolidated profit and loss account in respect of CX Re since the acquisition date.

Lincoln General Insurance Company

On 24 August 2015, following various regulatory clearances and board resolutions, the Group acquired 2,000 preference units of $100 each (11.11% non-voting) and 510 common units of $0.01 each (51% voting) of LGIC Holdings, LLC for $1. LGIC Holdings, LLC owns 100% of Walshire Assurance Company, the sole shareholder of Lincoln General Insurance Company ("LGIC").

Pennsylvania-based LGIC has been in run-off since 2009 and previously wrote a broad book of predominately commercial and personal line insurance.

On 13 November 2015 the Insurance Commissioner of Pennsylvania placed LGIC into liquidation in Pennsylvania. The Group concludes that it does not have control of LGIC and therefore does not consolidate its results, details are fully disclosed in note 2.

16. Disposal of subsidiary undertaking

PXRE Reinsurance Company

On 27 May 2015 the Group sold its 100% interest in the ordinary share capital of PXRE Reinsurance Company. The loss attributable to PXRE Reinsurance Company up to the date of disposal was $0.470 million, and for its last financial year was $5.005 million. These results are presented as discontinued.

Net assets disposed of and the related sale proceeds were as follows:

	27 May 2015 US$000
Assets	
Other financial investments	21,847
Reinsurers' share of technical provisions - claims outstanding	3,327
Debtors arising out of direct insurance operations	1,021
Debtors arising out of reinsurance operations	1,931
Other debtors	1
Cash at bank and in hand	1,048
Prepayments and accrued income	93
Liabilities	
Technical provisions - claims outstanding	(9,826)
Creditors arising out of reinsurance operations	(1,258)
Total net assets	18,184
Loss on sale, recognised in 2014	(7,347)
Loss on sale, recognised in 2015	(940)
	9,897
Satisfied by:	
Cash and cash equivalents	9,897
Net cash inflows in respect of the sale comprised:	
Cash and cash equivalents	9,897
Less: cash and cash equivalents disposed of	(1,048)
	8,849

The loss on sale is included in the results of discontinued operations. No subsidiary undertakings were disposed of in the comparative period.

17. Financial instruments

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Financial assets		
Measured at fair value through profit or loss		
Other financial investments - listed variable yield securities and unit trusts	**3,555**	1,050
Other financial investments - debt securities and other fixed income securities	**75,441**	28,206
Other financial investments - deposits with credit institutions	**3,352**	2,217
Measured at amortised cost		
Other financial investments - loans and receivables	**5,705**	174
Other debtors - due after one year: Subrogation recoveries	**7,428**	7,620
Measured at undiscounted amounts receivable		
Other debtors - due within one year: Due from related parties	**464**	1,213
Other debtors - due within one year: Due from ultimate parent	**218**	138
Other debtors - due within one year	**2,070**	32,775
Measured at cost		
Cash at bank and in hand	**21,647**	26,363
Total financial assets	**119,880**	99,756
Financial liabilities		
Measured at amortised cost		
Other creditors - due after one year: Bank loan	**-**	11,803
Other creditors - due after one year: Subordinated debt	**10,088**	10,076
Measured at undiscounted amounts payable		
Other creditors - due within one year: Due to related parties	**1,636**	2,074
Other creditors - due within one year	**7,932**	13,326
Total financial liabilities	**19,656**	37,279

In accordance with normal market practice, Citibank N.A. and Barclays Bank PLC have issued letters of credit for outstanding losses. The collateral against these letters of credit includes a pledge to the value of $15.271 million (2014: $16.5 million) against an investment portfolio.

A subsidiary of the Group has established trust funds for the benefit of its US reinsurance and US surplus lines policyholders. The values of the trust investments in the respective trusts included above are $9.803 million (2014: $23.3 million) and $26.201million (2014: $27.1 million).

18. Claims outstanding

Technical provisions	Claims outstanding US$000	Discount US$000	**Total US$000**
Provision for gross claims outstanding			
Pro-forma balance at 31 December 2014	10,619	-	**10,619**
Foreign exchange	(2,878)	545	**(2,333)**
Acquisition of subsidiary (note 15)	94,924	(15,656)	**79,268**
Disposal of subsidiary (note 16)	(9,826)	-	**(9,826)**
Movement in provision	(5,890)	909	**(4,981)**
Balance at 31 December 2015	86,949	(14,202)	**72,747**

Technical provisions	Claims outstanding US$000	Impairment provision US$000	Discount US$000	**Total US$000**
Reinsurers' share of technical provisions				
Pro-forma balance at 31 December 2014	3,128	-	-	**3,128**
Foreign exchange	1	-	8	**9**
Acquisition of subsidiary (note 15)	27,839	(7,123)	(4,823)	**15,893**
Disposal of subsidiary (note 16)	(3,327)	-	-	**(3,327)**
Movement in provision	118	12	(208)	**(78)**
Balance at 31 December 2015	27,759	(7,111)	(5,023)	**15,625**
Net technical provisions at 31 December 2014				**7,491**
Net technical provisions at 31 December 2015				**57,122**

19. Other debtors

	Group		Company	
	31 Dec 2015	Pro-forma 31 Dec 2014	**31 Dec 2015**	31 Dec 2014
	US$000	US$000	**US$000**	US$000
Other debtors - due within one year				
Deferred asset	**-**	30,904	**-**	29,543
Due from: Group undertakings	**-**	-	**10,465**	22,724
Due from: related parties	**464**	1,213	**433**	514
Due from: ultimate parent	**218**	138	**-**	-
Other debtors	**2,070**	1,871	**9**	441
Total other debtors - due within one year	**2,752**	34,126	**10,907**	53,222
Other debtors - due after one year				
Preference shares due from: Group undertakings	-	-	**3,939**	-
Subrogation recoveries	13,131	13,323	**-**	-
Subrogation recoveries impairment provision	(5,703)	(5,703)	**-**	-
Total other debtors - due after one year	**7,428**	7,620	**3,939**	-
Total other debtors	**10,180**	41,746	**14,846**	53,222

At 31 December 2014 the Group had economic rights to the benefits of a deferred asset of $30.904 million, which comprised consideration outstanding on the disposal of CX Reinsurance Company Limited in 2006. During the current year the Company re-acquired CX Reinsurance Company Limited and the consideration paid for the re-acquired shares was the unconditional and irrevocable release of this asset. Particulars of the acquisition are disclosed in note 15.

The Company preference shares due are redeemable at the option of the holder after 31 December 2015 and attract a fixed cumulative dividend of 5%. During the year the terms of the preference shares were changed and the holder now has to provide a minimum of two years' notice of redemption. Accordingly the preference shares have been reclassified as a debtor due after one year. The shares do not carry voting rights.

Some of the subrogation recoveries are subject to protracted judicial proceedings which are taking longer than originally anticipated. The balance sheet valuation was impaired by $5.703 million in 2014 due to the uncertainty caused by the slow progress in the litigation of the remaining subrogation recoveries, no further impairment has been recognised during the current year. The recoveries claimed are significantly in excess of the booked amount and having reviewed the status, latest relevant factors and the views of legal advisors in each case, the Directors anticipate realisation of at least the net carrying value of the subrogation recoveries.

20. Tangible assets

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Fixtures and fittings		
Cost or valuation		
Balance at 1 January	**645**	645
Additions	**78**	-
Assets no longer in use	**(627)**	-
Fixtures and fittings cost or valuation	**96**)	645)
Accumulated depreciation and impairment		
Balance at 1 January	**(569)**	(487)
Charge for the year	**(2)**	(82)
Assets no longer in use	**553**	-
Fixtures and fittings accumulated depreciation and impairment	**(18)**	(569)
Computer equipment		
Cost or valuation		
Balance at 1 January	**-**	1,308
Assets no longer in use	**-**	(1,308)
Computer equipment cost or valuation	**-**	-
Accumulated depreciation and impairment		
Balance at 1 January	**-**	(1,308)
Assets no longer in use	**-**	1,308
Computer equipment accumulated depreciation and impairment	**-**	-
Carrying value	**78**	76

21. Other creditors

	Group		Company	
	31 Dec 2015	Pro-forma 31 Dec 2014	31 Dec 2015	31 Dec 2014
	US$000	US$000	US$000	US$000
Other creditors - due within one year				
Deferred consideration	**2,866**	3,483	**2,866**	3,483
Accruals and deferred income	**4,120**	558	**160**	20
Due to: Group undertakings	**-**	-	**-**	1,926
Due to: related parties	**1,636**	2,074	**-**	64
Other creditors, including deferred tax payable	**946**	1,938	**286**	-
Provision for loss on sale of subsidiary	**-**	7,347	**-**	-
Total other creditors - due within one year	**9,568**	15,400	**3,312**	5,493
Other creditors - due after one year				
Bank loan	**-**	11,803	**-**	-
Subordinated debt	**10,088**	10,076	**-**	-
Total other creditors - due after one year	**10,088**	21,879	**-**	-
Total other creditors	**19,656**	37,279	**3,312**	5,493

Deferred consideration relates to the acquisition of ICL Holdings Incorporated, Island Capital (Europe) Limited and Island Capital Limited (Bermuda) in 2010.

The bank loan was from Natixis. On 24 March 2015 the facility was extended from 31 March 2015 to 30 June 2015. On 31 March 2015 principal of $4,000,000 was repaid. On 28 May 2015 the remaining principal of $7,850,000 was repaid. The margin above LIBOR for interest payments was determined by the asset cover of agreed subsidiaries. During the year the interest rate varied between 3.85% and 4.03% (2014: 3.88% and 4.00%). The covenant of the loan was to ensure the debt cover ratio was not less than 1.8:1.

The Company has access to a loan facility with the ultimate parent company, Financière Pinault S.C.A. This facility is shared with Pro Global Insurance Solutions plc. The facility has a limit of $9.8 million and a termination date of 30 September 2019. The facility has an interest rate of 3.5% per annum above LIBOR. This facility was not utilised by the Group during the year.

22. Called up share capital

	31 Dec 2015	Pro-forma 31 Dec 2014
	GBP£	GBP£
Allotted issued and fully paid:		
112,492,198 ordinary shares of 0.0001p	**112**	112

To implement the merger on 3 April 2014 the 1 issued ordinary share of £1 was subdivided into 1,000,000 ordinary shares of 0.0001p. In addition the Company issued and allotted 111,492,198 shares with a nominal value of £112 in consideration for shares and assets of subsidiaries acquired.

On 22 July 2015 a resolution was passed to capitalise the Company's merger reserve for the purposes of paying up the ordinary B shares in full. On 29 July 2015 and in accordance with the Company's articles, the Directors created and allotted 112,492,198 11 pence ordinary B shares for a nominal amount of £12,374,142/$19,199,476. The Company's issued share capital was subsequently reduced by £12,374,142/$19,199,476 by cancelling and extinguishing the ordinary B shares in their entirety.

The Company has one class of ordinary shares which carry no right to fixed income.

23. Net cash outflow from operating activities

	31 Dec 2015 US$000	Pro-forma 31 Dec 2014 US$000
Operating profit/(loss) on ordinary activities before taxation, adjusted for:	**4,357**	(24,940)
Investment income and realised net gains	**(3,722)**	(541)
Unrealised net investment losses	**546**	138
Interest payable	**694**	1,335
Share of associate's results	**-**	639
Amortisation of financing fee	**47**	188
Depreciation	**2**	82
Loss on disposal of subsidiary undertaking (note 16)	**940**	-
Other non-cash movements	**74**	(1,245)
Operating cash flow before movements in working capital	**2,938**	(24,344)
Decrease in general insurance technical provisions	**(9,665)**	(23,213)
Decrease in other debtors	**1,258**	33,126
(Increase)/decrease in prepayments	**(2,795)**	98
(Decrease)/increase in creditors	**(414)**	950
Net cash flows from operating activities	**(8,678)**	(13,383)

24. Major non-cash transaction

On 26 February 2015 when subsidiary CX Reinsurance Company Limited was acquired, the consideration for the re-acquired shares was an unconditional and irrevocable release from any / all obligations in relation to the 2006 sale, being $30.904 million.

On 3 April 2014 the Company received a non-cash distribution of $89.5 million as part of the demerger from Tawa plc.

25. Insurance risk management

Insurance risk is the risk associated with the uncertainty and the quantum of the claim or the time when claims payments will fall due. In order to mitigate these risks the Group uses actuarial techniques to project future claim payments.

Basis for establishing the provision for claims outstanding and assumptions

Loss reserves for insurance and reinsurance business are established based on claims data reported to the Group by insureds and ceding companies supplemented with relevant industry benchmark loss development patterns used to project the ultimate incurred loss. Ultimate incurred loss indications are calculated by the Group's actuaries using several standard actuarial methodologies.

The Group's actuaries utilise several assumptions in applying each methodology, including loss development factors and actual reported claim frequency and severity. These reviews and documentation are completed in accordance with professional actuarial standards appropriate to the jurisdictions where the business is written. The selected assumptions reflect the actuaries' judgement based on historical data and experience combined with information concerning economic, judicial, regulatory and other influences on ultimate claim settlements. Best estimates are derived for each group and underwriting year.

Based on the actuarial indications, the Group selects and records a single point estimate, which becomes management's best estimate which the Group considers to be one that has an equal likelihood of developing a redundancy or deficiency as the loss experience matures. On an annual basis the Group analyses and records its loss reserve estimates across detailed lines of business which reflect class of business, geographic location, insurance versus reinsurance, proportional versus non-proportional, and treaty versus facultative exposures. In addition, a limited number of the Group's largest contracts are reviewed individually.

During the loss settlement period, additional facts regarding claims are reported. As this occurs it may be necessary to increase or decrease the unpaid losses and loss expense reserves. The actual final liability may be significantly different from prior estimates. The Group reviews additional reported claim information on a monthly basis. Actual claim experience is compared to that expected from the most recent actuarial reserve review to highlight significant variances. A complete actuarial analysis by detailed line of business including selection of single point estimates is completed annually and is reviewed by the Group's management.

An analysis of the gross claims development is below:

	Entities acquired in 2008	Entities acquired in 2010	Entities acquired in 2011	Entities acquired in 2015	**Total**
	US$000	US$000	US$000	US$000	**US$000**
Estimate of ultimates					
At acquisition / take on	100,926	15,449	38,700	94,924	**249,999**
One year later	93,464	15,439	65,643	102,639	**277,185**
Two years later	93,978	27,522	82,996		**204,496**
Three years later	95,162	32,167	111,226		**238,555**
Four years later	88,780	27,163	111,226		**227,169**
Five years later	89,511	21,141	110,725		**222,105**
Six years later	89,419	20,866			**110,285**
Seven years later	89,412				**89,412**
Current estimate of cumulative claims	89,412	20,866	110,725	102,639	**324,370**
Disposal of subsidiary undertaking (note 16)	(10,084)	-	-	-	**(10,084)**
Cumulative payments	(79,334)	(20,866)	(110,725)	(15,690)	**(227,337)**
Gross position at 31 December	-	-	-	86,949	**86,949**

25. Insurance risk management continued

An analysis of the net claims development is below:

	Entities acquired in 2008 US$000	Entities acquired in 2010 US$000	Entities acquired in 2011 US$000	Entities acquired in 2015 US$000	**Total US$000**
Estimate of net ultimates					
At acquisition / take on	87,785	9,849	38,700	74,208	**210,542**
One year later	80,900	9,849	49,744	81,635	**222,128**
Two years later	80,963	18,118	65,648		**164,729**
Three years later	82,398	17,817	93,878		**194,093**
Four years later	76,270	16,844	93,878		**186,992**
Five years later	77,024	14,249	93,150		**185,150**
Six years later	77,214	14,076			**91,290**
Seven years later	77,214				**77,214**
Current estimate of cumulative claims	77,214	14,076	93,150	81,635	**266.802**
Disposal of subsidiary undertaking (note 16)	(6,744)	-	-	-	**(6,744)**
Cumulative payments	(70,470)	(14,076)	(93,150)	(15,334)	**(193,757)**
Net position at 31 December	-	-	-	66,301	**66,301**

Concentration of risk

The following tables present the gross claims outstanding split between case reserves and incurred but not reported reserves ("IBNR") and booked gross claims outstanding before claims handling provisions and before discounting by major risk class:

	31 Dec 2015 %	31 Dec 2014 %
Case reserves	**76.75%**	87.8%
IBNR	**23.25%**	12.2%
Total	**100.0%**	100.0%

The concentration of non-life insurance by the location of the underlying risk is summarised below by reference to liabilities:

	31 Dec 2015			31 Dec 2014		
	Gross technical provisions US$000	**Reinsurers' share US$000**	**Net technical provisions US$000**	Gross technical provisions US$000	Reinsurers' share US$000	Net technical provisions US$000
United Kingdom	**5,555**	**217**	**5,338**	-	-	-
Europe	**9,961**	**29**	**9,932**	-	-	-
United States	**68,930**	**20,374**	**48,556**	10,619	3,128	7,491
Other	**2,503**	**28**	**2,475**	-	-	-
Total	**86,949**	**20,648**	**66,301**	10,619	3,128	7,491

The concentration of non-life insurance by type of contract is summarised below by reference to liabilities:

	31 Dec 2015 US$000	31 Dec 2014 US$000
Asbestos, pollution and other latent claims	**38,717**	-
Lead paint	**9,510**	-
Other	**18,074**	7,491
Total gross claims outstanding	**66,301**	7,491

25. Insurance risk management continued

Asbestos, pollution and other latent claims

These claims arise from policies issued prior to 1986 on a losses occurring basis. This means that a claim being notified any time after the exposure period would attach back to that exposure period regardless of the length of delay.

Following the commutation during 2002 of the whole account stop loss reinsurance contract with Continental Casualty Company protecting the 1987 and prior underwriting years, the Company has net exposure to claims and claims related expenses emanating from exposures to asbestos, environmental pollution and other latent injuries. In determining the reserves for such claims, the Company's actuaries have incorporated the result of an exposure analysis which was performed with the assistance of an external consultant. Such claims are frequently subject to disputes such as the extent of coverage and definitions of occurrence and possible legislative changes.

Consequently, reserves for claims of this type cannot be determined using traditional actuarial techniques and the uncertainty surrounding the ultimate cost of settlement is greater than for more standard claims within the Group's portfolio. Significant adverse development may have a material impact on the Group's future results and net assets.

Lead paint

The Group has exposure to lead paint claims through landlord insurance written in Baltimore. For lead paint exposures, claims can be reported any time up until the child affected reaches 21 years of age. By their nature such claims are frequently subject to disputes such as the extent of coverage and definitions of occurrence and possible legislative changes.. A detailed review of the exposure was performed at 30 June 2014 to determine the level of reserves required and the actual experience is monitored regularly against the reserves set. Since performing the analysis a number of issues have been identified regarding the original underwriting of these exposures that has led to rescission action being taken on most of the main claimants. The reserves held take no account of the rescission actions.

Other

All books of business have been closed to new exposures for a number of years now and the result is that they do not suffer from attritional claims activity. However, the age of these claims means that more will be subject to disputes on the extent of coverage and size of loss and allocation of loss amounts. Market rulings and legal judgements can have a material effect on groups of these claims making the final outcome uncertain.

Insurance risk sensitivity analysis

If net discounted claims reserves of $57.122 million (2014: $7.491 million) carried in the balance sheet moved by 1% the impact on the income statement would be a change in the profit before tax and net assets of $0.571 million (2014: $0.075 million).

26. Financial risk management

Nature and extent of risks arising from financial instruments

The Group's activities expose it to a variety of risks. The Board of Directors retains overall responsibility for the risk management framework that has been established to minimise the Group's exposure to risk and assesses the effectiveness of the controls established to identify, monitor and mitigate the risks faced by the Group. The most significant of these is the risk that at any given date, the proceeds from realising the financial assets of the Group may be insufficient to meet the financial obligations arising from its insurance contracts.

The financial risks that the Group faces include but are not limited to:

- Credit risk, which are the risks associated with the Group's investment portfolios, reinsurance arrangements and other counterparty credit risks;
- Liquidity risk, the risk that cash may not be available to pay obligations when due; and
- Market risk (including interest rate risk) and currency risk.

Fair value

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets (Level a). In some instances, such price information is not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data (Level b) but in some cases management estimate other than observable market inputs within the valuation model (Level c). There is no standard model and different assumptions would generate different results.

Valuations for financial assets at fair value are provided by the Group's investment managers. These valuations and independent reports on the systems and controls of the investment managers are reviewed by the Group's Treasury Committee.

The table below shows financial assets and liabilities carried at fair value through profit or loss (as disclosed in note 17) grouped into the level in the fair value hierarchy into which each fair value measurement is categorised.

				31 Dec 2015
	Level a	**Level b**	**Level c**	**Total**
	US$000	**US$000**	**US$000**	**US$000**
Listed variable yield securities and unit trusts	**-**	**3,555**	**-**	**3,555**
Debt securities and other fixed income securities	**49,039**	**26,082**	**320**	**75,441**
Deposits with credit institutions	**3,352**	**-**	**-**	**3,352**
Total financial assets at fair value through profit or loss	**52,391**	**29,637**	**320**	**82,348**

				31 Dec 2014
	Level a	Level b	Level c	Total
	US$000	US$000	US$000	US$000
Listed variable yield securities and unit trusts	-	1,050	-	1,050
Debt securities and other fixed income securities	19,342	8,864	-	28,206
Deposits with credit institutions	2,217	-	-	2,217
Total financial assets at fair value through profit or loss	21,559	9,914	-	31,473

26. Financial risk management continued

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolios, reinsurance arrangements, subrogation recoveries and to a lesser extent amounts due from policyholders and intermediaries.

The Group has established policies and procedures in order to manage credit risk and methods to measure it. There were no changes in the Group's credit risk exposure in the financial year nor to the objectives, policies and processes for managing credit risk.

Investment portfolios

The Group is subject to credit risk in respect of third party entities in which the Group holds debt securities issued by those entities. As a consequence of the established investment policies and in order to mitigate investment risk, the average credit quality of the portfolio was AA (2014: AA). The Group's investment guidelines permit unlimited investment in securities issued by the US government or its agencies. For the United Kingdom, France and Germany the limit per issuer is 50% and for other OECD sovereigns it is 5%. For other issuers the guidelines limit its aggregate exposure to any single issuer to 1% - 2% of its portfolio, depending on rating. All securities must be rated BBB or better at the time of purchase and the weighted average rating requirement of the Group's portfolio is A. There were no investment write-offs in the year (2014: $nil).

At 31 December 2015 the Group's largest aggregate exposure to any single issuer other than with respect to the United States Government and agency securities was $2.4 million in respect of holdings in State Street Global Advisors Money Market funds rated AAA (2014: $1.6 million in respect of the State Street Global Advisors Money Market fund rated AAA).

Reinsurance arrangements

When the Group's portfolio of insurers were underwriting, it purchased reinsurance to manage its catastrophe exposure and mitigate insurance risk. However, the ceding of insurance risk exposes the Group to credit risk from its reinsurers and retrocessionaires.

In designing the reinsurance programme the Group took account of the risk assessment, the financial strength of reinsurance counterparties, the benefits to shareholders of capital efficiency and reduced volatility, and the cost of reinsurance protection.

When underwriting, the Group purchased retrocessional reinsurance to improve the extent to which it could manage risk exposures, protect against catastrophic losses, access additional underwriting capacity and stabilise financial ratios.

Credit risk includes the risk of reinsurer default. The Directors have assessed exposure to bad debts arising from reinsurance dispute or failure and, following careful review, have made a provision against bad debts based on current available information.

Reinsurance recoveries are calculated by reference to the gross claims including IBNR utilising the Group's recovery programmes for facultative, proportional and excess of loss reinsurance. There is a quarterly review process to ensure the recoveries calculated are accurate.

The management of the Group mitigate risks associated with reinsurers by monitoring aged debt profiles. All factors which may impact recoverability are taken into account in determining the bad debt provisions and where possible management reduces bad debt exposure through commutations or settlements with counterparties.

For bad debt provisioning purposes, all insolvent security has a 100% provision. Well rated reinsurers are not provided against. In addition to a security provision there is a provision for losses classified as contentious and a provision for time barred losses which are calculated on a case by case basis. Any claim set-offs are netted off fully.

26. Financial risk management continued

The Group monitors the credit risk in relation to its investment portfolios and reinsurance programme by monitoring external credit ratings for the investments and reinsurance assets held by the Group. The following table shows aggregated credit risk exposure for assets with external credit ratings:

31 Dec 2015	AAA US$000	AA US$000	A/A1 US$000	Rated below A US$000	Not rated US$000	Carrying amount US$000
Other financial investments	17,682	41,597	11,065	2,455	15,254	88,053
Reinsurers' share of outstanding claims and reinsurance/insurance receivables	-	2	12,078	-	6,208	18,288
Cash at bank and in hand	-	-	21,647	-	-	21,647
At 31 December 2015	**17,682**	**41,599**	**44,790**	**2,455**	**21,462**	**127,988**

31 Dec 2014	AAA US$000	AA US$000	A/A1 US$000	Rated below A US$000	Not rated US$000	Carrying amount US$000
Other financial investments	525	20,596	1,971	250	8,305	31,647
Reinsurers' share of outstanding claims and reinsurance/insurance receivables	-	-	5,188	31	1,490	6,709
Cash at bank and in hand	-	-	26,363	-	-	26,363
At 31 December 2014	525	20,596	33,522	281	9,795	64,719

Subrogation recoveries

Included in other debtors are subrogation recoveries of $7.428 million (2014: $7.620 million). These counterparties are not rated. The valuation of the subrogation recoveries includes assessments of any identified credit risk.

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining that the value of the assets have been impaired were: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances.

31 Dec 2015	Neither past due nor impaired US$000	Past due more than 90 days US$000	Past due and impaired US$000	Impairment provision US$000	Carrying amount US$000
Other financial investments	78,676	5,647	678	(300)	84,701
Reinsurers' share of outstanding claims and reinsurance/insurance receivables	22,735	58	20,641	(25,146)	18,288
Other debtors	2,752	-	13,131	(5,703)	10,180
At 31 December 2015	**104,163**	**5,705**	**34,450**	**(31,149)**	**113,169**

31 Dec 2014	Neither past due nor impaired US$000	Past due more than 90 days US$000	Past due and impaired US$000	Impairment provision US$000	Carrying amount US$000
Other financial investments	29,256	174	-	-	29,430
Reinsurers' share of outstanding claims and reinsurance/insurance receivables	3,128	3,581	5,382	(5,382)	6,709
Other debtors	34,126	-	13,323	(5,703)	41,746
At 31 December 2014	66,510	3,755	18,705	(11,085)	77,885

26. Financial risk management continued

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its obligations associated with financial liabilities as they fall due.

In order to ensure that adequate liquid resources are available to fund insurance liability cash outflows when they fall due, the Group's practice is to invest in assets to establish a sufficient matching with the duration of the expected related liabilities for liquidity purposes. In practice, most of the Group's assets are marketable securities which could be converted in to cash when required.

There were no changes in the Group's liquidity risk exposure in the financial year nor to the objectives, policies and processes for managing liquidity risk.

The tables below show the matching of assets and liabilities for the years under review:

	Maturity date or contractual re-pricing date					
31 Dec 2015	Less than one year US$000	After one year but less than two years US$000	After two years but less than three years US$000	After three years but less than five years US$000	More than five years US$000	Total US$000
Other financial investments	14,266	21,938	4,847	11,204	35,798	88,053
Reinsurers' share of technical provisions	671	1,282	1,182	2,098	10,392	15,625
Cash and cash in hand	21,647	-	-	-	-	21,647
Other assets	4,283	3,062	7,325	1,588	-	16,258
Total assets	**40,867**	**26,282**	**13,354**	**14,890**	**46,190**	**141,583**
Technical provisions	10,229	9,231	7,545	12,342	33,400	72,747
Other liabilities	8,976	2,969	1,979	990	10,088	25,002
Total liabilities	**19,205**	**12,200**	**9,524**	**13,332**	**43,488**	**97,749**
Surplus / (deficit)	**21,662**	**14,082**	**3,830**	**1,558**	**2,702**	**43,834**
Cumulative surplus	**21,662**	**35,744**	**39,574**	**41,132**	**43,834**	

Pro-forma 31 Dec 2014	Less than one year US$000	After one year but less than two years US$000	After two years but less than three years US$000	After three years but less than five years US$000	More than five years US$000	Total US$000
Other financial investments	11,268	12,869	3,219	2,145	2,146	31,647
Reinsurers' share of technical provisions	289	501	501	501	1,336	3,128
Cash and cash in hand	26,363	-	-	-	-	26,363
Other assets	7,058	878	5,878	878	35,379	50,071
Total assets	44,978	14,248	9,598	3,524	38,861	111,209
Technical provisions	2,048	1,513	1,513	1,513	4,032	10,619
Other liabilities	32,386	-	-	-	10,076	42,462
Total liabilities	34,434	1,513	1,513	1,513	14,108	53,081
Surplus / (deficit)	10,544	12,735	8,085	2,011	24,753	58,128
Cumulative surplus	10,544	23,279	31,364	33,375	58,128	

The analysis of assets and liabilities by maturity has been prepared on the following basis:

- Assets are disclosed according to the date of maturity; and
- Net liabilities, represented as discounted cash flows, are disclosed according to the expected timing of payment.

26. Financial risk management continued

Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Group in managing its market risk is to ensure risk is managed in line with the Group's risk appetite.

The Group has established policies and procedures in order to manage market risk and methods to measure it. There were no changes in the Group's market risk exposure in the financial year nor to the objectives, policies and processes for managing market risk.

The investment strategy of the Group is based on a high quality diversified portfolio of liquid investment grade fixed income and other securities as a method of preserving equity capital and prompt claim payment capability.

The Group uses external investment managers to invest and manage its assets. The Board establishes investment policies and creates guidelines for such external investment managers. These guidelines specify criteria on the overall credit quality and liquidity characteristics of the portfolio and include limitations on the size of certain holdings as well as restrictions on purchasing certain types of securities.

Price risk

The Group is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The Group's exposure to equity price risk is not considered to be significant.

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The investment duration targets for the Group are set in the context of the duration of the underlying liabilities. The duration of an investment is based on the maturity of the security and also reflects the payment of interest and the possibility of early principal payment of such security. The Group seeks to utilise investment benchmarks that reflect this duration target. The Board periodically revises the Group's investment benchmarks based on business and economic factors including the average duration of the Group's potential liabilities. At 31 December 2015 the Group's investment portfolio had an effective duration of 4.3 years (2014: 0.4 years). In practice, the Group mitigates the majority of its exposure to interest rate risk by broadly matching the duration of its assets and liabilities by comparing the discounted cash flows from its cash and investments (principal and interest) according to the period in which such cash flows arise.

The following table shows the securities' maturity dates or contractual re-pricing dates and interest rate ranges:

	Maturity date or contractual re-pricing date					
	Less than one year	After one year but less than two years	After two years but less than three years	After three years but less than five years	More than five years	Total
	US$000	US$000	US$000	US$000	US$000	US$000
31 Dec 2015						
Investment portfolios fixed interest rate	**15,101**	**13,278**	**2,333**	**11,056**	**33,670**	**75,438**
Investment portfolios variable interest rate	**3,666**	**75**	**894**	**148**	**2,127**	**6,910**
Pro-forma 31 Dec 2014						
Investment portfolios fixed interest rate	20,906	6,297	1,114	55	644	28,206
Investment portfolios variable interest rate	2,527	460	6	-	274	3,267

	Interest rates range				
	%	%	%	%	%
31 Dec 2015					
Investment portfolios fixed interest rate	**0.01 - 4.00**	**0.63 - 1.00**	**1.25 - 3.75**	**1.38 - 5.30**	**1.75 - 7.55**
Pro-forma 31 Dec 2014					
Investment portfolios fixed interest rate	0.13 - 5.45	0.13 - 5.45	0.13 - 5.45	0.13 - 5.45	0.13 - 5.45

26. Financial risk management continued

Interest rate sensitivity analysis

The Group's invested assets are subject to interest rate risk. The interest rate risk is concentrated in investments in US dollar, sterling and euro and is sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. Based on the Group's invested assets including cash at external managers of $72.9 million (2014: $25.6 million), a 1% increase/decrease in interest rates across the yield curve would result in an approximate $0.2 million loss/profit respectively (2014: $0.3 million loss/profit), net of the impact on the discounted net technical provisions.

Currency risk

The Group and in particular the insurance companies are exposed to foreign currency risk generated through regular trading activity denominated in currencies other than their functional currencies. The Group reports its results in US dollars and accordingly, to the extent that shareholders' funds are invested in assets denominated in currencies other than US dollars, exchange gains or losses may arise on translation. The most significant currencies to which the Group is exposed are sterling and euro and the Group controls its currency risk by investing in assets that match the currency in which it expects related insurance liabilities to be paid and by investing the majority of assets backing shareholder funds in US dollars.

At 31 December 2015 the Group approximates that 91% (2014: 64%) of shareholders' funds consists of US dollars.

Currency sensitivity analysis

A 1% increase/decrease in the US dollar against the relevant foreign currencies would result in an approximate $0.038 million foreign exchange profit/loss (2014: $0.205 million).

27. Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance whilst holding sufficient capital in each of the insurance operating entities to satisfy regulatory requirements. The capital structure of the Group consists of debt which includes borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent (comprising issued share capital, merger reserve and retained earnings).

The Group is also subject to externally imposed capital requirements in respect of all insurance entities that previously wrote insurance and reinsurance business. These requirements, which have been complied with during the year, are enforced within the individual locations and are detailed below:

- CX Reinsurance Company Limited is regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). During the year steps have been taken to ensure that the company complies with the requirements of Solvency ii as at 1 January 2016. The company is also subject to regulatory requirements in the USA in relation to insurance and reinsurance business underwritten. As disclosed in note 17 certain of the company's financial investments are held in trust funds to collateralise liabilities arising from such business. The capital requirement of the company is determined by its exposure to risk and the solvency criteria established by management and statutory requirements. The table below sets out the minimum capital requirement and the company's available capital:

	31 Dec 2015 **US$000**	31 Dec 2014 US$000
Enhanced capital requirement	**12,305**	13,264
Total available capital resources	**17,364**	23,691
Solvency Cover %	**141%**	179%

- Island Capital Limited is regulated by the BMA, and it is required by the BMA to submit an annual statutory return and to hold capital resources in excess of its capital resources requirement.

28. Retirement benefit schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The total cost charged to the profit and loss account of $0.432 million (2014: $0.4 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2015, no contributions were due in respect of the current reporting period that had not been paid over to the schemes (2014: $nil).

29. Contingent liabilities

The Company and one of its subsidiaries are involved in a number of litigations or potential litigations relating to companies acquired or sold by the Group. There is uncertainty over the timing and ultimate outcomes of several of these actions. Having reviewed the latest information available the Directors are of the opinion that there is a possible exposure to net losses of an uncertain amount and accordingly no provision has been made.

Some of the Group's subsidiaries are routinely involved in litigations or potential litigations related primarily to the settlement of insurance claims liabilities. However, none of such actual or proposed litigations that had not been provided for met the definition of a contingent liability.

Consequently, the Group has not recognised any insurance related, or other, contingent liabilities at 31 December 2015 (2014: no contingent liabilities).

30. Subsequent events

There are no significant non-adjusting events after the end of the reporting period.

31. Related party transactions

The following have been identified as related parties of the Group for the year to 31 December 2015:

- Subsidiary undertakings;
- The Pro group of companies are related parties as they are subject to common control. The Group entered into transactions with the following Pro companies:
  - Pro Global Insurance Solutions plc;
  - Pro Insurance Solutions Limited; and
  - Pro IS, Inc.
- Associate CX Reinsurance Company Limited was a related party in the comparative period;
- Directors of the Company;
- Key management personnel: and
- Parent company.

Subsidiary undertakings

FRS 102 Paragraph 33.1A exempts disclosure of transactions entered into between members of the Group, provided that the subsidiary undertakings party to the transactions are wholly owned by the Company. Therefore transactions and balances between the Company and wholly owned subsidiary undertakings are not disclosed in this note.

31. Related party transactions continued

Pro Group of companies

Pro Global Insurance Solutions plc
As at 31 December 2015 Pro Global Insurance Solutions plc owed the Company $nil (2014: $32.2 million) in relation to certain economic rights to a deferred asset relating to associate CX Reinsurance Company Limited. As disclosed in note 15, the Company acquired further shares in CX Reinsurance Company Limited whereby there ceased to be a deferred asset.

During the year the Group charged Pro Global Insurance Solutions plc $0.190 million (2014: $0.395 million) for fees. As at 31 December 2015 Pro Global Insurance Solutions plc owed the Company $0.434 (2014: $0.514 million) in relation to outstanding fees and interest recharged.

Pro Insurance Solutions Limited
During the year the Group was charged $3.096 million (2014: $4.982 million) by Pro Insurance Solutions Limited for management fees and expenses recharged.

As at 31 December 2015 the Group owed Pro Insurance Solutions Limited $1.561 million (2014: $0.752 million) in relation to outstanding fees and expenses recharged.

Pro IS, Inc
During the year the Group was charged $0.693 million (2014: $0.976 million) by Pro IS, Inc for management fees and expenses recharged.

As at 31 December 2014 the Group was due $0.045 million (2013: $0.007 million) from Pro IS, Inc in relation to outstanding fees and expenses recharged.

Associate CX Reinsurance Company Limited
During the year CX Reinsurance Company Limited became a wholly-owned subsidiary of the Group. The Group is therefore exempt from the requirement to disclose these related party transactions for the current year. During 2014 subsidiary Tawa Management Limited earned management fees of $2 million and recharged expenses of $3.506 million to then associate CX Reinsurance Company Limited. As at 31 December 2014 Tawa Management Limited was due $0.572 million in relation to management fees and expenses paid on its behalf.

Directors of the Company
Directors' emoluments are disclosed in note 9.

Key management personnel
Total remuneration for key management personnel for the year was $1.524 million (2014: $1.536 million), and is included in remuneration disclosed in note 8.

Parent company
As at 31 December 2015 the Group had access to a loan facility of $9.8 million (2014: $$9.8 million) with its ultimate parent company. This facility was not utilised by the Company during the year. This facility is shared with Pro Global Insurance Solutions plc. Details are fully disclosed in note 21.

Parent company and ultimate controlling party
The ultimate parent company is Financière Pinault S.C.S., a Société en commandite simple incorporated in France. The parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Financière Pinault S.C.S., a company incorporated in France. Copies of the group financial statements of Financière Pinault S.C.S. may be obtained from the Tribunal de Commerce de Paris, 1 Quai de Corse, 75004, Paris, France.

32. Transition to FRS 102 and FRS 103

This is the first year that the Group has presented its financial statements in accordance with Financial Reporting Standard 102 and 103 ("FRS 102" and "FRS 103") as issued by the Financial Reporting Council. The financial statements were prepared on a UK GAAP basis for the year ended 31 December 2014 and the date of transition to FRS 102 and FRS 103 was 1 January 2014.

The Group has elected to apply the following exemption in preparing its first financial statements that conform to this FRS, as permitted by FRS 102 Section 35.10. The Group has elected to not apply Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to this FRS.

As a consequence of adopting FRS 103 there have been no changes to the accounting policies of the Group.

As a consequence of adopting FRS 102 there has been a change in the presentation of the Group's assigned debt portfolio of $0.174 million from current assets to other financial investments, loans and receivables. The valuation of the portfolio remained the same. No reconciliation of equity has been presented as there was no change to equity. No reconciliation of profit or loss for 2014 has been presented as there was no change to the profit or loss.

	31 Dec 2014 As reported US$000	**31 Dec 2014 Re-presented US$000**
Other financial investments		
Loans and receivables	-	**174**
Debtors		
Other debtors	41,920	**41,746**