

**OIC RUN-OFF LIMITED**  
**(in Scheme of Arrangement)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2014**

**OIC Run-Off Limited (in Scheme of Arrangement)**  
and its subsidiary company

**REPORT AND FINANCIAL STATEMENTS**

for the year ended 31 December 2014

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## **Directors and advisers**

### **Directors**

P. A. B. Evans  
D. Y. Schwarzmann

### **Secretary and registered office**

D. Y. Schwarzmann  
PricewaterhouseCoopers LLP  
10-18 Union Street  
London  
SE1 1SZ

### **Independent auditor**

Deloitte LLP  
London

### **Scheme administrators**

P. A. B. Evans and D. Y. Schwarzmann  
PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### **Solicitors**

Hogan Lovells International LLP  
Atlantic House  
Holborn Viaduct  
London  
EC1A 2FG

### **Bankers**

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

# Strategic report

## Principal activities and significant events

OIC Run-Off Limited (in Scheme of Arrangement) ("the Company") and its subsidiary company, The London and Overseas Insurance Company Limited (in Scheme of Arrangement) (together "the Group") wrote non-life insurance and reinsurance business predominantly in the UK market. It ceased underwriting activities on 30 September 1992, but continues to run-off its insurance operation.

As a consequence of deterioration on claims reserves, the Group's parent company provided funding for claims payments from 15 December 1993 until 21 October 1994, when the Group was placed under the control of Joint Provisional Liquidators.

As described in note 12(c), on 30 June 1995 the Company and its wholly-owned insurance subsidiary entered into an arrangement with Nationale-Nederlanden Overseas Finance and Investment Company Unlimited ("NNOFIC") whereby certain claims payments have been made in full. As at the balance sheet date, total claims paid under this arrangement amounted to US\$306,968,000.

As described in note 22, the Company and its wholly owned subsidiary entered into a Scheme of Arrangement with effect from 7 March 1997. On 15 September 1997 an Initial Payment Percentage of 15% of creditors' Established Liabilities was approved by the Creditors' Committee. Subsequent increases in the Payment Percentage have been approved by the Creditors' Committee. As at 31 December 2014 the Payment Percentage was paid at 58%.

As part of running off its insurance operations, the Group continues to carry on investment activities in relation to the assets under its control.

## Future prospects of the Group and going concern

Due to the nature of some of the risks underwritten, the ultimate liability of the Group remains subject to uncertainty. However, proposals dated 8 October 2014 for an Amending Scheme of Arrangement were considered at meetings of creditors held on 11 December 2014. If this Amending Scheme of Arrangement becomes effective it will, subject to certain conditions, cut-off the majority of liabilities of the Group. In the meantime the Group continues to run-off the business and accordingly the financial statements have been prepared on the going concern basis.

## Financial risk

The Company is exposed to financial risk, through its financial assets and technical provisions. The key financial risk is that proceeds from financial assets are insufficient to fund current and future claims.

The most important components of these risks are: timing and valuation risk in relation to technical provisions, and interest rate, currency, credit and liquidity risk in relation to financial assets. The Company manages these risks by:

- appointing specialist claims handlers who perform the day-to-day monitoring of its insurance liabilities and reinsurance assets;
- regularly reviewing the creditworthiness of its reinsurers;
- appointing external actuaries to assess the adequacy of reserves;
- reviewing cash flow requirements to ensure its liquidity needs are met;

## Strategic report (continued)

### Financial risk (continued)

- matching foreign currency liabilities with corresponding currency assets to minimise the impact of movements in foreign exchange rates; and
- appointing third party investment managers with a view to ensuring the best possible returns on investments and minimising impact of movements in interest rates.

**By Order of the Board**



P. A. B. Evans  
Director

1 September 2015

## **Directors' report**

### **for the year ended 31 December 2014**

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2014.

### **Directors and directors' interests in shares of the Company**

The names of the directors of the Company are shown on page 1 and, unless otherwise indicated, these directors held office throughout the year.

Neither of the directors (or their families) have any interests in the shares of the Company or of the Company's subsidiary.

No director has any disclosable interest in the share capital of the Company's ultimate holding company or of any of the Company's fellow subsidiary companies.

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Company and of the profit or loss of the Company 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 accounting 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Directors' report (continued)**

**for the year ended 31 December 2014**

### **Disclosure of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- 1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 2) the director has taken all of the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of S.418 of the Companies Act 2006.

### **Auditor**

Deloitte LLP has indicated its willingness to be appointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

### **By Order of the Board**



P. A. B. Evans  
Director

14 September 2015

# **Qualified Independent Auditor's Report to the Members of OIC Run-Off Limited (In Scheme of Arrangement)**

We have audited the financial statements of OIC Run-Off Limited (in Scheme of Arrangement) for the year ended 31 December 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated and parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23. 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).

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.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Basis for qualified opinion on financial statements**

As explained in note 11, the financial statements do not provide the disclosure required by United Kingdom Accounting Standards in respect of the analysis of debtors and creditors between reinsurance and direct business. In addition, under Financial Reporting Standard 5 "Reporting the Substance of Transactions" the Group and the Company are required to report their broker balances on a gross basis, according to the principal involved. The Group and the Company have not complied fully with this disclosure requirement. In respect of these matters the Group and the Company have not complied with United Kingdom Generally Accepted Accounting Practice.

## **Qualified opinion on financial statements arising from omission of disclosures**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2014 and of Group's profit for the year then ended;



## **Qualified Independent Auditor's Report to the Members of OIC Run-Off Limited (In Scheme of Arrangement) (continued)**

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – technical provisions and significant uncertainties**

In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in note 14 concerning the significant uncertainties regarding the outcome of the following:

- the ultimate cost of claims, including North American liability claims, such as environmental pollution and asbestos claims, which have been included in the Group's and the parent Company's technical provisions and new sources or types of claims which might emerge; and
- the ultimate amount recoverable by the Group and the Company from reinsurers in respect of gross claims.

These matters, taken together or individually, give rise to significant uncertainties and their resolution may result in material, but presently unquantifiable, adjustments to the financial statements as presented. Adjustments to the amounts of technical provisions and reinsurers' share of technical provisions are reflected in the financial statements for the period in which the adjustments are made.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report 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 the members if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.



Andrew Downes (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Consolidated profit and loss account  
Technical account – general business  
for the year ended 31 December 2014**

**Discontinued operations**

	Note	2014 US\$'000	2013 US\$'000
<b>Earned premiums, net of reinsurance</b>			
Gross premiums written		14	52
Outward reinsurance premiums		(60)	(692)
<b>Earned premiums, net of reinsurance</b>		<u>(46)</u>	<u>(640)</u>
<b>Claims incurred, net of reinsurance</b>			
Gross claims paid		(13,937)	(10,848)
Change in outstanding claims agreed		21,956	9,191
Gross claims agreed		<u>8,019</u>	<u>(1,657)</u>
Reinsurance recoverable		<u>(7,601)</u>	<u>(2,415)</u>
<b>Net Claims Agreed</b>		<u>418</u>	<u>(4,072)</u>
<b>Change in technical provisions</b>			
Gross amount		13,032	68,694
Reinsurers' share		3,562	(25,501)
<b>Change in net technical provisions</b>		<u>16,594</u>	<u>43,193</u>
<b>Claims incurred, net of reinsurance</b>		<u>17,012</u>	<u>39,121</u>
<b>Net operating expenses</b>	7	<u>(27,409)</u>	<u>9,620</u>
<b>Balance on the technical account – general business</b>		<u>(10,443)</u>	<u>48,101</u>

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Consolidated profit and loss account  
Non-technical account  
for the year ended 31 December 2014**

	<b>2014</b>	<b>2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Balance on the technical account – general business	(10,443)	48,101
Investment income	8,576	9,077
Profit on realisation of investments	5,196	8,872
Net unrealised profit/(loss) on investments	6,761	(38,239)
Other income	66	78
Other charges	(2,312)	-
Foreign currency exchange differences	2,849	(59)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<b>10,693</b>	<b>27,830</b>
<b>Tax on profit on ordinary activities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Profit for the financial year</b>	<b>10,693</b>	<b>27,830</b>
	<hr/> <hr/>	<hr/> <hr/>

A statement of movements in reserves is given in note 16.

The Company and its wholly-owned insurance subsidiary ceased all underwriting activities on 30 September 1992. Although these companies continue to trade, all of the results of the operations arise from discontinued activities.

The Group has no recognised gains or losses for the current and preceding year other than those which are included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The notes on pages 14 to 29 form an integral part of these financial statements.

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Consolidated balance sheet  
at 31 December 2014**

	Notes	2014 US\$'000	2013 US\$'000
<b>ASSETS</b>			
<b>Investments</b>			
Other financial investments	10(a)	613,919	613,876
<b>Reinsurers' share of technical provisions</b>			
	13(a)	42,809	46,741
<b>Debtors</b>			
Debtors arising out of direct insurance and reinsurance operations	11	24,965	45,810
Deposits with ceding undertakings		391	399
Other debtors		1,027	1,171
		26,383	47,380
<b>Other assets</b>			
Cash at bank		1,647	2,019
<b>Accrued income</b>			
		3,011	3,054
<b>Total assets</b>		<b>687,769</b>	<b>713,070</b>

**OIC Run-Off Limited (in Scheme of Arrangement)**  
and its subsidiary company

**Consolidated balance sheet (continued)**  
at 31 December 2014

	Notes	2014 US\$'000	2013 US\$'000
<b>LIABILITIES AND EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	15	85,250	85,250
Share premium	16	46,500	46,500
Non-distributable reserves	16	1,938	1,938
Accumulated losses	16	(584,464)	(595,157)
<b>Equity shareholders' deficit</b>		<b>(450,776)</b>	<b>(461,469)</b>
<b>Technical provisions</b>	3, 13(a)	<b>477,056</b>	<b>490,858</b>
<b>Creditors</b>			
Creditors arising out of direct insurance and reinsurance operations (including claims agreed)	11	376,829	395,014
Deposits received from reinsurers		42	46
Amounts due to group companies	12(a)	281,456	287,027
Other creditors including taxation and social security		400	400
		<b>658,727</b>	<b>682,487</b>
<b>Accrued expenses</b>		<b>2,762</b>	<b>1,194</b>
<b>Total liabilities and equity</b>		<b>687,769</b>	<b>713,070</b>

The financial statements on pages 8 to 29 were approved by the Board of Directors on 18 September 2015 and signed on their behalf by:




P. A. B. Evans  
Director

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Balance sheet of the Company  
at 31 December 2014**

	Notes	2014 US\$'000	2013 US\$'000
<b>ASSETS</b>			
<b>Investments</b>			
Other financial investments	10(a)	417,110	433,684
<b>Reinsurers' share of technical provisions</b>	13(b)	4,940	4,232
<b>Debtors</b>			
Debtors arising out of direct insurance and reinsurance operations	11	21,552	24,962
Deposits with ceding undertakings		391	399
Other debtors		1,017	1,171
		<u>22,960</u>	<u>26,532</u>
<b>Other assets</b>			
Cash at bank		1,474	1,831
<b>Accrued Income</b>		3,004	3,048
<b>Total assets</b>		<u>449,488</u>	<u>469,327</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Capital and reserves</b>			
Called up share capital	15	85,250	85,250
Share premium	16	46,500	46,500
Accumulated losses	16	(809,776)	(828,652)
<b>Equity shareholders' deficit</b>		<u>(678,026)</u>	<u>(696,902)</u>
<b>Technical provisions</b>	13(b)	477,056	490,858
<b>Creditors</b>			
Creditors arising out of direct insurance and reinsurance operations (including claims agreed)	11	376,829	395,014
Deposits received from reinsurers		42	46
Amounts due to group companies	12(a)	270,425	278,717
Other creditors including taxation and social security		400	400
		<u>647,696</u>	<u>674,177</u>
<b>Accrued expenses</b>		2,762	1,194
<b>Total liabilities and equity</b>		<u>449,488</u>	<u>469,327</u>

The financial statements on pages 8 to 29 were approved by the Board of Directors on 18 September 2015 and signed on their behalf by:



P. A. B. Evans  
Director

Registered No: 256100

**OIC Run-Off Limited (in Scheme of Arrangement)**  
**and its subsidiary company**

**Consolidated cash flow statement**  
**for the year ended 31 December 2014**

	Notes	2014 US\$'000	2013 US\$'000
<b>Net cash outflow from operating activities</b>	17	(1,176)	(6,231)
<b>Financing</b>			
Funding provided by NNOFIC		(2,577)	767
<b>Cash available for investment</b>		<u>(3,753)</u>	<u>(5,464)</u>
<b>Cash flows were invested as follows:</b>			
Increase/(decrease) in cash holdings	18	(296)	104
Decrease in other financial investments	18	(3,457)	(5,568)
<b>Decrease in cash in the year</b>		<u>(3,753)</u>	<u>(5,464)</u>

# **OIC Run-Off Limited (in Scheme of Arrangement)** and its subsidiary company

## **Notes to the accounts** for the year ended 31 December 2014

### **1. Financial statements reporting currency**

The financial statements have been presented in US Dollars, which is the functional currency in which transactions are undertaken. The relevant US Dollar/Sterling exchange rates are as follows:

	Year-end rate	Average rate
31 December 2014	1.5593	1.6551
31 December 2013	1.6562	1.5642

### **2. Principal accounting policies**

The principal accounting policies observed by the Group and the Company are set out below and are consistent with those applied in the previous year:

#### **(a) Disclosure requirements**

The consolidated financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, except for the requirement of Financial Reporting Standard 5 regarding the presentation of broker balances on a gross basis as explained in note 11. The consolidated financial statements have been prepared in accordance with the Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (as amended in December 2006) by the Association of British Insurers (the ABI SORP).

The financial statements have been prepared on the going concern basis as appropriate for a group in run-off, as discussed in the Directors' Report, and are subject to a number of significant uncertainties which are set out in note 14.

#### **(b) Basis of consolidation**

The consolidated profit and loss account, balance sheet and cash flow statement include the accounts of the Company and its subsidiary undertaking.

#### **(c) Run-off of the business**

The Group is in run-off having ceased all underwriting activities on 30 September 1992. The Company and its wholly-owned insurance subsidiary were placed into provisional liquidation on 21 October 1994, and entered into a Scheme of Arrangement with effect from 7 March 1997. The Group's policy is to provide for the administrative and claims handling costs of running off the business to the extent that they are expected to exceed future investment income. Meaningful segmental analysis is not available due to the run-off nature of the business.



**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**2. Principal accounting policies (continued)**

**(d) Basis of accounting for insurance business**

As a Group in run-off, the financial statements have been prepared after accruing for all future premiums, claims and reinsurance recoveries.

**(e) Premiums**

Written premiums are stated gross of commissions payable to intermediaries and exclusive of taxes and duties levied on premiums.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inwards reinsurance business.

**(f) Claims incurred**

Claims incurred comprise claims agreed, claims payments and external settlement expense payments made in the financial year and the movement in the provisions for outstanding claims and settlement expenses, including claims incurred but not reported, net of salvage and subrogation recoveries.

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

**(g) Claims outstanding**

Provision is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the ultimate cost of claims incurred but not reported at that date. Included in the provision is an estimate of the external costs of handling the outstanding claims.

**(h) Investments**

Listed investments are shown at market value.

**(i) Investments – subsidiary undertaking**

In the Company's accounts, shares in subsidiary undertakings are stated at cost less provisions for any impairment in value.

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**2. Principal accounting policies (continued)**

**(j) Investment income**

All investment income is recognised in the non-technical account.

Investment income comprises interest and dividends, exclusive of tax credit, net rents, realised gains and losses on investments and the amortisation of fixed interest securities. Interest and net rents are dealt with on an accruals basis and dividends are included on an ex-dividend basis.

Realised gains or losses represent the difference between the net sale proceeds and purchase price.

Interest payable and expenses incurred in the management of investments are accounted for on an accruals basis.

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore includes the reversal of previously recognised unrealised gains and losses on investments disposed of in the current period.

**(k) Foreign currency**

Transactions in currencies other than US Dollars and monetary assets and liabilities are translated to US Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are taken to the non-technical account in the year in which they arise.

Average exchange rates have been applied to the profit and loss statement during the year ended 31 December 2014. The resultant exchange differences are taken to the non-technical account in the year in which they arise.

**(l) Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. The exception to this is that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**3. Basis of reserving**

As stated in note 2, 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 ("IBNR") at the balance sheet date based on statistical methods.

The adequacy of the claims outstanding provisions is assessed by reference to actuarial projections of the ultimate development of claims in respect of each accident year.

Asbestos and pollution IBNR ("APH IBNR") claims have been calculated using exposure models. The ultimate claims, defined as the total payments from each loss until final settlement of the liability, have been estimated. The IBNR reserves are then calculated as the difference between ultimate claims and the total of paid claims to date and booked outstanding claims. Non-APH IBNR claims are calculated using gross of reinsurance statistics. IBNR net of reinsurance has been estimated either by applying the Group's outwards reinsurance programme to the estimated gross IBNR or, where this was not possible, by applying the ratio of net to gross notified outstanding claims to the gross projected IBNR claims. The methods used, and 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, there is inherent uncertainty in relation to the insurance industry by its nature. Significant delays might 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. In particular, estimates of technical provisions inevitably contain inherent significant uncertainties because extensive periods of time may elapse between the occurrence of an insured loss, the claim triggering the insurance under a claims-made coverage, the reporting of that claim to the Group and the Group's payment of the claim and the receipt of reinsurance recoveries. 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.

In addition, the Group is exposed to significant issues causing uncertainties which are greater than normal, as explained in note 14.

**4. Prior years' claims provisions**

Material over/(under) provisions for claims at the beginning of the year as compared with net payments and provisions at the end of the year in respect of prior years' claims are as follows:

	2014 US\$'000	2013 US\$'000
Environmental pollution and asbestos	12,894	41,280
Other direct and reinsurance risks	2,318	(3,159)
	<hr/> 15,212	<hr/> 38,121

# OIC Run-Off Limited (in Scheme of Arrangement) and its subsidiary company

## Notes to the accounts (continued) for the year ended 31 December 2014

### 4. Prior years' claims provisions (continued)

The above movements on prior years' claim provisions do not take into account movements in the bad debt provision, which are included in operating expenses and disclosed in note 7 or the future run-off cost provision as disclosed in note 8.

### 5. Staff costs

The Company incurs no staff costs, as throughout the current and prior financial years all staff dealing with the affairs of the Company were employed by an appointed run-off manager, which was remunerated by a management fee. The current run-off manager is Armour Risk Management Limited.

### 6. Directors' remuneration

The current directors Messrs. P.A.B. Evans, who retired from the PricewaterhouseCoopers LLP partnership on 30 June 2007 and D.Y. Schwarzmann who was a partner in PricewaterhouseCoopers LLP as at 31 December 2014, received no remuneration from the Group. PricewaterhouseCoopers LLP are in receipt of fees for the provision of services to the Scheme Administrators.

### 7. Net operating expenses

Operating expenses have been charged directly to the technical account – general business.

	2014 US\$'000	2013 US\$'000
Management expenses	22,477	19,260
Increase(decrease) in bad debt provision	4,932	(28,880)
Net operating expenses	<u>27,409</u>	<u>(9,620)</u>

Management fees amounting to US\$6,307,000 (2013: US\$6,292,000) were paid to Armour Risk Management Limited for providing run-off services to the Group.

The bad debt provision as at 31 December 2014 was US\$52,877,000 (2013: US\$47,945,000). Of this amount US\$13,327,000 (2013: US\$15,852,000) was provided within debtors arising out of direct insurance and reinsurance operations, and US\$39,550,000 (2013: US\$32,093,000) was provided within technical provisions. Of the amounts provided within debtors arising out of direct insurance and reinsurance operations, US\$13,327,000 (2013: US\$15,852,000) is a specific provision with no general provision (2013: US\$Nil). Of the amounts provided within technical provisions US\$33,465,000 (2013: US\$27,907,000) is a specific provision and US\$6,085,000 is a general provision (2013: US\$4,186,000).

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**7. Net operating expenses (continued)**

Included in management expenses are audit fees, excluding VAT, of:

	2014 US\$'000	2013 US\$'000
OIC Run-Off Limited (in Scheme of Arrangement)	175	165
The London and Overseas Insurance Company Limited (in Scheme of Arrangement)	75	71

Remuneration of the Company's auditor for provision of non-audit services to the Company and its subsidiary undertakings was US\$Nil (2013: US\$Nil).

**8. Run-off expenses and claims handling expenses**

A provision has been made using reasonable assumptions for the future run-off and claims handling expenses of the companies to the extent they exceed the projected future investment income.

**9. Taxation**

**(a) Tax on profit on ordinary activities**

	2014 US\$'000	2013 US\$'000
The charge based on the profit for the year comprises:		
Current tax	-	-
Group Relief recovered	-	-
Deferred tax	-	-
Current year tax	-	-
Prior year adjustment for foreign tax	-	-
<b>Tax on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

**(b) Factors affecting tax charge for the year**

	2014 US\$'000	2013 US\$'000
<b>Profit / (loss) on ordinary activities before tax</b>	<b>10,693</b>	<b>27,830</b>
Profit/(loss) on ordinary activities before tax at 21.5% thereon (2013: 23.25%)	2,299	6,470
Timing differences (capital allowances)	-	-
Other permanent differences (legal fees)	291	357
Unrecognised tax losses carried forward	-	-
Utilisation of tax losses brought forward	(2,590)	(6,827)
Unrecognised tax losses carried forward	-	-
Prior year adjustment for foreign tax	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**9. Taxation (continued)**

The Group has consolidated losses brought forward and therefore there is no current tax charge in 2014 (2013: £nil).

**(c) Factors that may affect future tax charges**

Tax losses, valued at the future standard UK rate of tax of 20% (2013: 20%) of US\$94,000,000 (2013: US\$96,000,000) are available to offset against the Group's taxable profits in future periods. As enacted in the Finance Act 2013, profits arising between 1 April 2014 and 31 March 2015 will be taxable at 21%. Profits arising after 1 April 2015 will be taxable at 20%. However, due to the uncertainty as to the amount and timing of future profits, all tax losses are valued at the lower rate of 20%. No deferred tax asset has been recognised in respect of these losses as, due to the uncertainty as to whether future profits will arise, it is not known at what point in time these losses will reverse.

During the year the UK main corporation tax rate was reduced from 23% to 21% with effect from 1 April 2014. A further change in the rate to 20% was substantively enacted on 2 July 2013, to be effective from 1 April 2015. The corporation tax rate of 20% will remain effective from 1 April 2016 as substantively enacted on 25 March 2015. Further reductions to the UK corporation tax rate have been announced but not yet substantively enacted, and therefore are not included in the financial statements. The main corporation tax rate will reduce from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020.

There are no deferred tax liabilities (2013: £nil).

**10. Investments**

**(a) Other financial investments**

<b>Group</b>	<b>2014 Market value US\$'000</b>	<b>2014 Cost US\$'000</b>	<b>2013 Market value US\$'000</b>	<b>2013 Cost US\$'000</b>
Listed fixed interest securities	313,730	285,417	321,006	299,470
Deposits with credit institutions	300,189	300,189	292,870	292,870
	<u>613,919</u>	<u>585,606</u>	<u>613,876</u>	<u>592,340</u>
<b>Company</b>				
Listed fixed interest securities	313,730	285,417	321,006	299,470
Deposits with credit institutions	103,380	103,380	112,678	112,678
	<u>417,110</u>	<u>388,797</u>	<u>433,684</u>	<u>412,148</u>

Included within cash deposits, US\$330,000 (2013: US\$437,000) are supporting letters of credit providing security for certain overseas reinsureds.

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**10. Investments (continued)**

**(b) Investment in Group undertaking**

	2014 US\$'000	2013 US\$'000
Shareholding in subsidiary company	8,913	8,913
Provision for impairment	(8,913)	(8,913)
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>

Statement of investments in subsidiary company all of which are incorporated in Great Britain and registered in England and Wales:

Company	Identity of class of share	Proportion of nominal value %	Issued share capital US\$
The London and Overseas Insurance Company Limited (in Scheme of Arrangement)	Ordinary (one class)	100	10,850,000

The shareholding of US\$8,913,000 comprises The London and Overseas Insurance Company Limited at valuation on 1 January 1972 of US\$1,163,000 plus the cost of additional shares acquired of US\$7,750,000. This Company has a deficit on shareholders' equity and so the directors consider that a nil valuation is appropriate.

**11. Debtors and creditors**

Before the Group entered provisional liquidation, it derived its business from underwriting both direct and inwards reinsurance. UK Accounting Standards require that the Company disclose amounts due to and from policyholders, intermediaries and reinsurers analysed between those arising from direct and reinsurance business.

In the past the Group has not maintained its accounting records in such a way as to make extraction of this information readily available, although this would be possible if sufficient time and resource were made available. As the Group is now in a Scheme of Arrangement, the directors do not consider these disclosures to be fundamental to the financial statements, and have not given them on the grounds of the additional resource required to extract this information.

Under Financial Reporting Standard 5 "Reporting the Substance of Transactions" the Group and Company are required to report their transactions with brokers, including debtor and creditor balances, on a gross basis, according to the principal involved. In May 1997 a principal ledger was put in place and the Group now receives data from the broker-based system for this purpose. However, not all of the Group's debtor and creditor balances as at 31 December 2014 are stated on a gross basis.

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**12. Group balances**

(a)	Group		Company	
	2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000

**Amounts due to group companies**

**Intermediate parent company**

NNOFIC	281,456	287,027	242,296	247,635
The London and Overseas Insurance Company	-	-	28,129	31,082
	<u>281,456</u>	<u>287,027</u>	<u>270,425</u>	<u>278,717</u>

- (b) As a result of continuing deterioration in claims reserves Internationale-Nederlanden Verzekeringen NV ("INV") provided funding for gross claims payments made from 15 December 1993, with effect from 1 February 1994. The value of this funding, which was in the form of an unsecured interest free inter-company loan from NNOFIC, a subsidiary of INV, and intermediate parent of the Company, amounted to US\$140,440,000 (Company: US\$105,017,000). The funding ceased on 21 October 1994, and the Company and its wholly-owned insurance subsidiary, The London and Overseas Insurance Company Limited, were placed into provisional liquidation.

An amount of US\$12,113,000 due to OIM Limited and Orion Insurance General Limited at 31 December 1995 was assigned by these companies to NNOFIC during 1996.

Amounts totalling US\$152,553,000, currently included in amounts due to NNOFIC, have been subordinated to the Established Liabilities of all other Scheme Creditors, as defined in the proposal document for the Scheme of Arrangement. This subordination became effective on 7 March 1997, the effective date of the Scheme of Arrangement.

- (c) On 30 June 1995, the Company and its wholly-owned insurance subsidiary entered an arrangement with The Institute of London Underwriters ("ILU"), now The International Underwriters Association, and NNOFIC, in respect of certain liabilities included in technical provisions arising on policies signed and issued by the members of ILU and incepting on or after 20 March 1969 in respect of its wholly-owned insurance subsidiary and on or after 28 August 1970 in respect of the Company. Certain claims payments have been made by the Company and its wholly-owned insurance subsidiary since 30 June 1995 using funds loaned to the Company and its wholly-owned insurance subsidiary by NNOFIC. As at the balance sheet date, total claims paid by the Company and its wholly-owned subsidiary were US\$306,968,000, the claims paid by NNOFIC under this arrangement amounted to US\$215,468,000 of which US\$204,613,000 is the Company's portion, and the balance of US\$10,855,000 comprises the funding provided to the wholly owned insurance subsidiary, The London and Overseas Insurance Company Limited (in Scheme of Arrangement). Under the agreement, the loan from NNOFIC ranks as a policyholder liability and falls under the intra-group guarantee (see note 13(b)).



**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**13. Technical provisions**

(a) Group	Gross US\$'000	Reinsurance US\$'000	Net US\$'000
<b>At 31 December 2014</b>			
Notified outstanding claims	369,995	62,316	307,679
Incurred but not reported claims	77,861	20,043	57,818
Provision for future run-off expenses	29,200	-	29,200
Provision against potential irrecoverable reinsurance	-	(39,550)	39,550
<b>Total</b>	<b>477,056</b>	<b>42,809</b>	<b>434,247</b>
<b>At 31 December 2013</b>			
Notified outstanding claims	344,277	63,063	281,214
Incurred but not reported claims	115,581	15,770	99,811
Provision for future run-off expenses	31,000	-	31,000
Provision against potential irrecoverable reinsurance	-	(32,092)	32,092
<b>Total</b>	<b>490,858</b>	<b>46,741</b>	<b>444,117</b>
<b>(b) Company</b>			
<b>At 31 December 2014</b>			
Notified outstanding claims	302,822	29,229	273,593
Incurred but not reported claims	54,854	3,737	51,117
Provision for future run-off expenses	29,200	-	29,200
Provision against potential irrecoverable reinsurance	-	(28,026)	28,026
	<b>386,876</b>	<b>4,940</b>	<b>381,936</b>
Additional provision for subsidiary undertaking's policyholder liabilities assumed under an intra-group guarantee	90,180	-	90,180
<b>Total</b>	<b>477,056</b>	<b>4,940</b>	<b>472,116</b>

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**13. Technical provisions (continued)**

(b) Company (continued)	Gross US\$'000	Reinsurance US\$'000	Net US\$'000
<b>At 31 December 2013</b>			
Notified outstanding claims	281,089	29,883	251,206
Incurred but not reported claims	89,145	3,604	85,541
Provision for future run-off expenses	31,000	-	31,000
Provision against potential irrecoverable reinsurance	-	(29,255)	29,255
	<u>401,234</u>	<u>4,232</u>	<u>397,002</u>
Additional provision for subsidiary undertaking's policyholder liabilities assumed under an intra-group guarantee	89,624	-	89,624
Total	<u>490,858</u>	<u>4,232</u>	<u>486,626</u>

The Company has given a guarantee in favour of the policyholder liabilities of its wholly owned subsidiary undertaking, The London and Overseas Insurance Company Limited. Under this guarantee, any amounts paid by the Company in respect of its subsidiary's liabilities are recoverable only after all policyholder liabilities have been met.

Following the provisional liquidation of The London and Overseas Insurance Company Limited, the directors consider that this guarantee has crystallised. The technical provisions of the Company therefore include the Company's own policyholder liabilities including the provision held in respect of future run-off costs and provision for the total policyholder liabilities of its subsidiary undertaking before taking account of the available assets of the subsidiary undertaking.

**14. Significant uncertainties**

The financial statements of the Group and the Company reflect the following significant uncertainties:

**(a) Ultimate gross technical provisions**

There is considerable uncertainty surrounding the ultimate cost of claims including environmental pollution and asbestos claims, most of which are subject to litigation and are being resisted by the Group. The Group is also vulnerable to new sources or types of claims. The ultimate cost of these claims cannot be known with certainty.

**OIC Run-Off Limited (in Scheme of Arrangement)**  
and its subsidiary company

**Notes to the accounts (continued)**  
for the year ended 31 December 2014

**14. Significant uncertainties (continued)**

**(a) Ultimate gross technical provisions (continued)**

Technical provisions include the following amounts in respect of environmental pollution and asbestos claims:

- (i) all known outstanding environmental pollution and asbestos claims based on lawyers' advices and lawyers' reserve potentials. The net amount included in technical provisions at 31 December 2014 in respect of such environmental pollution and asbestos claims, after reinsurance recoveries of US\$60,237,000 (2013: US\$60,892,000) (Company: US\$27,621,000 (2013: US\$28,203,000)), is US\$290,501,000 (2013: US\$264,298,000) (Company: US\$323,117,000 (2013: US\$296,987,000));
- (ii) a provision for incurred but not reported claims of US\$51,738,000 (2013: US\$90,330,000) (Company: US\$67,874,000 (2013: US\$102,311,000)) net of reinsurance, and US\$71,495,000 (2013: US\$105,454,000) (Company: US\$71,495,000 (2013: US\$105,454,000)) gross of reinsurance, based on professional advice and a broad projection of observed developments to date; and
- (iii) a provision of US\$37,945,000 (2013: US\$30,151,000) (Company: US\$26,575,000 (2013: US\$27,356,000)) for potential irrecoverable reinsurance.

In total, the net amount included in respect of environmental pollution and asbestos claims in technical provisions is US\$380,183,000 (2013: US\$384,779,000) (Company: US\$417,565,000 (2013: US\$426,654,000)). The Company figures include US\$86,453,000 (2013: US\$85,492,000) in respect of the policyholder liabilities of a wholly-owned insurance subsidiary assumed under an intra-group guarantee (see note 13b)).

**(b) Reinsurance recoveries and bad debt provision**

The directors have recognised recoveries due from claims on the Group's and Company's reinsurers. Amounts of US\$42,809,000 (2013: US\$46,741,000) (Company: US\$4,940,000 (2013: US\$4,232,000)) are included in reinsurers' share of technical provisions and US\$25,356,000 (2013: US\$46,210,000) (Company: US\$21,943,000 (2013: US\$25,361,000)) are included in debtors. These amounts are net of provisions against amounts due from reinsurers whose solvency may be in doubt and who may ultimately be unable to pay in full of US\$39,550,000 (2013: US\$32,092,000) (Company: US\$28,026,000 (2013: US\$29,255,000)) and US\$13,327,000 (2013: US\$15,851,000) (Company: US\$11,533,000 (2013: US\$14,874,000)) respectively.

The reinsurance recoveries figures above are affected by the following significant uncertainties:

- (i) as a result of the insolvency of certain of the Group's and Company's reinsurers, there remains material uncertainty as to the amount which will be recovered from these reinsurers; and

**OIC Run-Off Limited (in Scheme of Arrangement)**  
and its subsidiary company

**Notes to the accounts (continued)**  
for the year ended 31 December 2014

**14. Significant uncertainties (continued)**

**(b) Reinsurance recoveries and bad debt provision (continued)**

- (ii) the Group has a complex reinsurance programme, the recoveries under which depend on a number of factors including the size of individual claims. Until these gross claims amounts are known with certainty, the Group and Company are unable to identify the extent to which there is possible exhaustion of vertical and horizontal reinsurance covers.

**15. Share capital**

	2014 US\$'000	2013 US\$'000
Called up, allotted and fully paid: 110,000,000 ordinary shares of 50p each (2010: 110,000,000)	85,250	85,250

**16. Statement of movements on called up share capital and reserves**

	Called up share capital US\$'000	Share premium US\$'000	Non- distributable reserve US\$'000	Accumulated losses US\$'000
<b>Group</b>				
Balance at 1 January 2014	85,250	46,500	1,938	(595,157)
Profit for the year	-	-	-	10,693
<b>Balance at 31 December 2014</b>	<u>85,250</u>	<u>46,500</u>	<u>1,938</u>	<u>(584,464)</u>
<b>Company</b>				
Balance at 1 January 2014	85,250	46,500	-	(828,652)
Profit for the year	-	-	-	18,876
<b>Balance at 31 December 2014</b>	<u>85,250</u>	<u>46,500</u>	<u>-</u>	<u>(809,776)</u>

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these accounts.

**OIC Run-Off Limited (in Scheme of Arrangement)**  
and its subsidiary company

**Notes to the accounts (continued)**  
for the year ended 31 December 2014

**17. Reconciliation of consolidated profit before and after tax to consolidated net cash outflow from operating activities**

	2014 US\$'000	2013 US\$'000
Profit before taxation	10,693	27,830
Net unrealised (profit) / loss on investments	(6,745)	38,464
Decrease / (increase) in amounts due from debtors	20,993	(9,422)
Decrease in amounts due to creditors other than NNOFIC	(15,103)	(3,052)
Decrease in accrued income	17	761
Foreign currency revaluation	(3,764)	(1,151)
Increase in accrued expenses	1,635	303
Decrease in net Technical Provisions	(8,902)	(59,964)
<b>Net cash outflow from operating activities</b>	<u>(1,176)</u>	<u>(6,231)</u>

**18. Movement in consolidated cash and portfolio investments**

	Cash US\$'000	Other financial investments US\$'000	Total US\$'000
Balance at 1 January 2014	2,019	613,876	615,895
Cash flow	(296)	(3,457)	(3,753)
Changes to market values and currencies	(76)	3,500	3,424
<b>Balance at 31 December 2014</b>	<u>1,647</u>	<u>613,919</u>	<u>615,566</u>

	Cash US\$'000	Other financial investments US\$'000	Total US\$'000
Balance at 1 January 2013	1,915	656,916	658,831
Cash flow	104	(5,568)	(5,464)
Changes to market values and currencies	-	(37,473)	(37,473)
<b>Balance at 31 December 2013</b>	<u>2,019</u>	<u>613,875</u>	<u>615,894</u>

# **OIC Run-Off Limited (in Scheme of Arrangement) and its subsidiary company**

## **Notes to the accounts (continued) for the year ended 31 December 2014**

### **19. Lease commitments**

The Company has no lease commitments. (2013: none).

### **20. PRA Returns**

The FSA, as predecessor to the PRA, has issued to the Company in May 2002 a waiver under section 148 of the Financial Services and Markets Act 2000 providing that Rule 9.3 of the Interim Prudential Sourcebook for insurers should be modified in its application to the Company so that the requirements under Rule 9.3 shall be satisfied instead by the Company preparing audited statutory accounts.

### **21. Related parties**

- (a) The Company is a wholly owned subsidiary of NNOFIC. For the year ended 31 December 2014, ING Groep NV, a company incorporated in The Netherlands, was the ultimate holding company. Subsequent to 31 December 2014 ING Groep NV's majority shareholding was reduced to a minority shareholding in NN Group NV, a company also incorporated in The Netherlands, and NN Group NV became the ultimate holding company of NNOFIC and the Company.

The results of the Company and of the Group have not been consolidated in the ultimate holding company's financial statements.

- (b) The Group was placed under the control of Joint Provisional Liquidators P. A. B. Evans and R. Boys-Stones on 21 October 1994. Mr. Evans and Mr. Boys-Stones were partners in PricewaterhouseCoopers LLP, the firm which provided services relating to the provisional liquidation of the Group.
- (c) With effect from 7 March 1997, the Joint Provisional Liquidators ceased to act and the Company and its wholly owned insurance subsidiary entered into a Scheme of Arrangement with their creditors. P. A. B. Evans and D. Y. Schwarzmann are the Joint Scheme Administrators of the Company and its wholly owned insurance subsidiary. The Scheme provides that the Scheme Administrators shall, in relation to the Company and its wholly owned insurance subsidiary, manage the run-off of their business, realise their assets and apply them for the benefit of its creditors, supervise and ensure the carrying out of the Scheme, and gives them the power in the name and on behalf of the Company and its wholly owned insurance subsidiary to manage their affairs, business and property. During the year ended 31 December 2014, PricewaterhouseCoopers LLP fees for services provided to the Group and Company amounted to US\$9,553,000 (2013: US\$7,535,000) and US\$9,553,000 (2013: US\$7,535,000) respectively, excluding VAT.
- (d) As explained in note 12(c), certain claims are paid by the Company and its wholly owned subsidiary using funds loaned by NNOFIC, a subsidiary of the Company's ultimate holding company. The amount paid during the year under this agreement was US\$299,000 (2013: US\$808,000) for the Group and US\$297,000 (2013: US\$807,000) for the Company.

**OIC Run-Off Limited (in Scheme of Arrangement)  
and its subsidiary company**

**Notes to the accounts (continued)  
for the year ended 31 December 2014**

**22. Scheme of Arrangement**

The Company and its wholly-owned insurance subsidiary entered into a Scheme of Arrangement with effect from 7 March 1997. Details of the Scheme of Arrangement were sent to creditors and shareholders in a proposal document dated 20 November 1996. This document should be referred to by creditors of the Company and its wholly-owned insurance subsidiary. On 15 September 1997 an Initial Payment Percentage of 15% of creditors' Established Liabilities was approved by the Creditors' Committee. Subsequent increases in the Payment Percentage have been approved by the Creditors' Committee. As at 31 December 2014 the Payment Percentage was paid at 58%.

**23. Profits/(losses) attributable to the Company**

The profit for the financial year in the financial statements of the Company was US\$18,876,000 (2013: US\$34,249,000). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.