NEW PROVIDENCE LIFE INSURANCE

COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2015

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

Contents

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REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

We have audited the accompanying financial statements of New Providence Life Insurance Company Limited, which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BDO

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of New Providence Life Insurance Company Limited as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO

Chartered Accountants
Nassau Bahamas
26 April 2016

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015
(Expressed in United States Dollars)

	Note	2015	2014
		$	$
FIXED ASSETS	5	247,082	260,396
NOTE RECEIVABLE	6	1,308,832	--
CURRENT ASSETS			
Cash and cash equivalents		219,641	3,422,316
Investments	7	4,784,849	1,099,986
Due from administrator	8	123,673	445,877
Reinsurance ceded assets	9	650,520	438,292
Reinsurance assumed assets	10	429,970	--
Prepaid income tax		170,118	--
Note receivable – current portion	6	110,379	--
Other receivables and prepayments		101,436	36,499
		6,590,586	5,442,970
CURRENT LIABILITIES			
Accounts payable and accruals		121,687	19,225
Unearned premium	11	272,639	317,532
Advanced premium	12	113,609	62,749
Taxes payable		--	133,728
Deferred tax liability		1,254	--
Provision for unpaid claims	13	1,427,125	189,328
		1,936,314	722,562
NET CURRENT ASSETS		4,654,272	4,720,408
		$6,210,186	$4,980,804
EQUITY			
Share capital	14	3,000,000	3,000,000
Preference shares	15	2,000,000	1,000,000
Contributed surplus	14	500,000	500,000
Accumulated profit		710,186	480,804
		$6,210,186	$4,980,804

The statements were approved by the board of directors and authorised for issue on 26 April 2016, and are signed on its behalf by:

....	....
Director	Director

The Notes on pages 7 to 33 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 $	2014 $
UNDERWRITING INCOME			
Net premiums written	16	4,624,300	2,317,769
Net reinsurance premium ceded	17	(865,757)	(399,094)
Net direct premiums earned		3,758,543	1,918,675
REINSURANCE PREMIUM ASSUMED	18	5,293,443	--
INSURANCE BENEFITS AND CLAIMS			
Claims paid	19	3,656,519	511,486
Loss adjustment expense - net	20	1,238,617	188,310
Insurance claims recovered from reinsurers	17	(778,703)	(38,179)
		4,116,433	661,617
EXPENDITURE			
Administrator fee		473,436	282,242
Commission expense	21	3,322,464	721,562
Administrative and marketing expenses	22	627,443	289,049
Salaries and other employee benefits		238,302	--
Depreciation		33,249	18,582
		4,694,894	1,311,435
Net underwriting income/(loss)		240,659	(54,377)
OTHER INCOME			
Consulting income	23	500,000	750,000
Interest and investment income		267,872	63,909
Other income		147,259	--
		915,131	813,909
Profit before tax		1,155,790	759,532
Income tax benefit/(expense)	25	17,592	(278,728)
NET PROFIT FOR THE YEAR		$1,173,382 =======	$480,804 ======

The Notes on pages 7 to 33 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital $	Preference shares $	Contributed surplus $	Accumulated profit $	Total $
1 January 2014	3,000,000	--	--	--	3,000,000
Issuance of preference	--	1,000,000	--	--	1,000,000
Contributed surplus	--	--	500,000	--	500,000
Net profit for the year	--	--	--	480,804	480,804
31 December 2014	3,000,000	1,000,000	500,000	480,804	4,980,804
Issuance of preference	--	1,000,000	--	--	1,000,000
Dividends paid – preference shares	--	--	--	(144,000)	(144,000)
Dividends paid – common shares	--	--	--	(800,000)	(800,000)
Net profit for the year	--	--	--	1,173,382	1,173,382
31 December 2015	$3,000,000	$2,000,000	$500,000	$710,186	$6,210,186
	=======	=======	======	======	=======

The Notes on pages 7 to 33 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	1,155,790	759,532
Adjustment for:		
Depreciation	33,249	18,582
Interest income	(271,112)	(63,909)
Operating income before working capital changes	917,927	714,205
Purchase of investments	(3,684,863)	(1,099,986)
Decrease/(increase) in due from administrator	322,204	(445,877)
Increase in reinsurance ceded assets	(212,228)	(438,292)
Increase in reinsurance assumed assets	(429,970)	--
Decrease due from parent company	--	3,000,000
Increase in other receivables and prepayments	(64,937)	(36,499)
Increase in accounts payable and accruals	102,462	19,225
(Decrease)/increase in unearned premium	(44,893)	317,532
Increase in advanced premium	50,860	62,749
Increase in provision for unpaid claims	1,237,797	189,328
Cash (used)/provided by operations	(1,805,641)	2,282,385
Interest received	271,112	63,909
Income tax paid	(285,000)	(145,000)
Net cash (used)/provided by operating activities	(1,819,529)	2,201,294
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(19,935)	(278,978)
Note receivable granted	(1,419,211)	--
Net cash used by investing activities	(1,439,146)	(278,978)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of preference shares	1,000,000	1,000,000
Dividends paid – preference shares	(144,000)	--
Dividends paid – common shares	(800,000)	
Contributed surplus	--	500,000
Net cash provided by financing activities	56,000	1,500,000
Net (decrease)/increase in cash and cash equivalents	(3,202,675)	3,422,316
Net cash and cash equivalents at beginning of the year	3,422,316	--
Net cash and cash equivalents at end of the year	$219,641	$3,422,316
	======	=======

The Notes on pages 7 to 33 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. INCORPORATION AND ACTIVITIES

New Providence Life Insurance Company Limited (formerly Star Bahamas General Insurance Company Limited) ("Company") was incorporated under the Companies Act, 1992 of the Commonwealth of the Bahamas on 17 November 2001. On 8 May 2013, the name of the Company was changed to its current name. Effective 20 February 2014, license was granted to the Company to act as an insurance carrier by the Insurance Commission of the Bahamas. The Company has been inactive in the years before the license was granted. The Company's principal activity is writing life, disability and health insurance policies.

Effective 1 January 2014, the Company's issued and outstanding shares were owned by AMFirst Insurance Company Inc. (a company incorporated in Oklahoma, USA), OIC Holdings Inc.(a company incorporated in Mississippi, USA) and Star General Investments (G.B.) Limited (a company incorporated in the Bahamas) having ownership percentages of 58%, 17% and 25%, respectively. Prior to that date, the Company is a wholly owned subsidiary of Star General Investments (G.B.) Limited.

The Company's registered office is Corporate Legal Services, Pickstock Place, Robinson Road, Nassau, Bahamas. The main place of business is RoyalStar House, John F. Kennedy Drive, Nassau, Bahamas.

Morgan White Administrators International, Inc. (a company incorporated in Mississippi, USA) functions as "Administrator" performing accounting services and premiums and claims processing on behalf of the Company.

2. BASIS OF PREPARATION

These financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results can differ from those estimates.

2. BASIS OF PREPARATION (cont)

Critical accounting estimates and judgements

Provision for unpaid claims

There are several sources of uncertainty that were considered by the Company in estimating the provision for unpaid claims. The uncertainty arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Changes in the estimate of the provision can be caused by receipt of additional claim information, changes in judicial interpretation of contracts, or significant changes in severity or frequency of claims from historical trends. The estimates are mainly based on the Company's historical experience industry experience.

Unearned premium calculation

The Company estimates 55% of the gross premium to be the portion related to recovery of cost or acquisition cost of insurance contract. The remaining 45% is the portion related to insurance protection. In the event that insurance policies are cancelled, the portion related to recovery of cost will not be refunded thus considered as earned immediately. Only the portion related to insurance protection is considered in the calculation of unearned premium.

3. ACCOUNTING POLICIES

Fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follow:

Leasehold improvements	15 years
Office furniture and equipments	5 years

Subsequent additions are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

3. ACCOUNTING POLICIES (cont)

Fixed assets (cont)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of profit or loss and other comprehensive income.

Financial assets

Financial assets are recognised on the statements of financial position when, and only when the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss is recognised in the statement of profit or loss and other comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The Company has the following financial assets:

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at cost. Gains and losses are recognised in the statement of profit of loss and other comprehensive income when the loans and receivables are derecognised or impaired.

3. ACCOUNTING POLICIES (cont)

Financial assets (cont)

Available-for-sale investments

Available-for-sale (AFS) investments are non-derivatives that are either designated in this category or not classified in any of the other categories. AFS investments are those intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

AFS investments are initially recognised and subsequently carried at fair value. Gains and losses arising from changes in the fair value are recognised in other comprehensive income (equity). When securities classified as AFS are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss and other comprehensive income.

Interest on AFS debt instruments is calculated using the effective interest method and is recognised in the statement of profit and loss. Dividends on AFS equity instruments are recognised in the statement of profit and loss when the entity's right to receive payment is established.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as 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. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of profit or loss and other comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

3. ACCOUNTING POLICIES (cont)

Impairment of financial assets (cont)

Assets carried at amortised cost (cont)

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of profit or loss and other comprehensive income.

Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale investments

The Company assesses, at each statement of financial position date, whether there is objective evidence that a financial asset is impaired. In the case of AFS equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If evidence of impairment exists, the cumulative loss previously recognised in other comprehensive income (equity) is removed from other comprehensive income (equity) and recognised in the statement of profit and loss and other comprehensive income. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

3. ACCOUNTING POLICIES (cont)

Financial liabilities

Financial liabilities within the scope of IAS 39 are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of profit or loss and other comprehensive income. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Revenue and expenses recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised when earned and expenses are recognised when incurred on an accrual basis.

Premiums written and reinsurance premiums ceded

Premiums written and reinsurance premiums ceded are recognised on a pro rata basis over the period of the policies. Premiums are stated gross of commissions. Any change in unearned or deferred portion at the statement of financial position date is transferred to unearned premiums and reinsurance premiums ceded on the statement of profit or loss and other comprehensive income.

3. ACCOUNTING POLICIES (cont)

Provision for unpaid claims

Provisions are made for adjustment expenses, changes in reported claims and for claims incurred but not reported, based on past experience, industry experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the statement of profit or loss and other comprehensive income. Assumptions and estimates used are also evaluated by an independent actuary.

Premium tax

Premium tax is incurred at a rate of 3% of gross premiums written in The Commonwealth of the Bahamas and is recognised when the Company's obligation to make payment has been established. Premium tax is remitted quarterly in accordance with the Insurance Commission of the Bahamas regulation.

Foreign currency translation

The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency, as it represents the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into the functionally currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Income taxes

Income taxes are recognised for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

3. ACCOUNTING POLICIES (cont)

Income taxes (cont)

Section 953(d) of the U.S. Internal Revenue Code allows a controlled foreign corporation engaged in the insurance business to elect to be treated as a U.S. corporation for U.S. tax purposes. A controlled foreign corporation that makes this election will be subject to tax in the United States on its worldwide income but will not be subject to the branch profits tax or the branch-level interest tax imposed by section 884. Further, the excise tax imposed under section 4371 on policies issued by foreign insurers will not apply. The Company has elected to be treated as a U.S. Company for U.S. Tax purposes

Value added tax

On 1 January 2015, the Value Added Tax (VAT) Act became effective in the Commonwealth of the Bahamas with 3 categories for goods and services: tax at 7.5%, exempt and zero-rated.

In accordance with the Act, the Company's insurance premiums written are VAT exempt for the period from 1 January to 30 June 2015. Starting 1 July 2015, insurance premiums written are subject to 7.5% VAT rate.

The Company has elected to absorb this tax and not pass the additional VAT in their premiums written. During the year, the total VAT expense incurred totaled $149,350.

4. NEW AND AMENDED STANDARDS ADOPTED

The Company has adopted the following new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the Company's operations and effective for the current accounting period.

Improvements to IAS 24 – Related Party Discloures

The amendment clarifies that an entity that provides key management personnel services ('management entity') to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity. Also, the amendment requires separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity.

The amendment is effective for annual periods commencing on or after 1 July 2014.

4. NEW AND AMENDED STANDARDS ADOPTED (cont)

Adoption of the above amendment did not have a significant impact on the Company's financial position or performance. As the Company does not engage the services of a management entity, no additional disclosures was required.

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 31 December 2014. They have not been adopted in preparing the financial statements and are expected to affect the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below.

IFRS 9 (issued November 2009 and amended October 2010)

This standard amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in IAS 39 have been eliminated. Under IFRS 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income

IFRS 9 also requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the fair value of a financial liability that is designated at fair value through profit or loss (using the fair value option) that relate to changes in the reporting entity's own credit risk are normally recognised in other comprehensive income.

The changes are to be applied prospectively from the date of adoption. The effective date of the amendments is 1 January 2018.

This standard is not expected to have a significant impact on the financial statements since the Company's financial assets are at amortised cost and at fair value through profit or loss. In addition, the Company does not have any financial liabilities designated at fair value through profit or loss.

4. NEW AND AMENDED STANDARDS ADOPTED (cont)

IFRS 15 - Revenue from Contracts with Customer

This standard contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in two existing standards (IAS 18 - Revenue and IAS 11- Construction Contracts) and related interpretations.

IFRS 15 contains significantly more prescriptive and precise requirements in comparison with existing IFRS. In future, revenue will be recognised from the application of the following five steps:

1. Identify the contract
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognise revenue when each performance obligation is satisfied.

The introduction of the new requirements means that for many entities the timing and profile of revenue recognition will change. In some areas the changes will be very significant and will require careful planning, including for commercial effects

IFRS 15 was originally effective for periods beginning on or after 1 January 2017, with early application permitted. In September 2015 the IASB issued an amendment to IFRS 15 to defer the effective date of IFRS 15 by one year to 1 January 2018.

The Company will review its revenue recognition policy upon the future adoption of this standard.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 contains a single lessee accounting model, which eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease, other than short term leases and leases of low value items for which a lessee has the option not to apply the measurement and presentation requirements of IFRS 16, will be recorded in the statement of financial position with a “right of use” asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. For many entities the effect of bringing all leases on the statement of financial position will be very significant and will require careful planning, including for commercial effects.

4. NEW AND AMENDED STANDARDS ADOPTED (cont)

In the income statement, the application of IFRS 16 will result in a depreciation charge (within operating expenses) and an interest expense.

The accounting requirements from the perspective of the lessor remains largely in line with previous IAS 17 requirements.

IFRS 16 has an effective date of 1 January 2019, with early application permitted only if IFRS 15 has also been adopted.

The Company will review any contract that meets the definition of a lease upon the future adoption of this standard.

Amendments to IAS 1 – Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments being made to IAS 1 include:

- Materiality: Aggregation or disaggregation should not obscure useful information. Materiality applies to each of the primary financial statements, the notes and each specific disclosure required by IFRSs.
- Line items in primary financial statements: Additional guidance for the list of line items required to be presented in primary statements, in particular that it may be appropriate for these to be disaggregated, and new requirements regarding the use of subtotals.
- Notes to the financial statements: Determination of the order of the notes should include consideration of understandability and comparability of financial statements. It has been clarified that the order listed in IAS 1.114(c) is illustrative only.
- Accounting policies: Removal of the examples in IAS 1.120 in respect of income taxes and foreign exchange gains and losses.

In addition, the following amendments to IAS 1 were made which arose from a submission received by the IFRS Interpretations Committee:

- Equity accounted investments: An entity’s share of other comprehensive income will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

Mandatory adoption for periods beginning on or after 1 January 2016.

The Company will review its disclosure requirements upon the future adoption of this amendment.

4. NEW AND AMENDED STANDARDS ADOPTED (cont)

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;

- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and

- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have a significant impact since the Company does not use a depreciation method based on revenue for its fixed assets.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

5. FIXED ASSETS

	Leasehold improvements	Office furniture and equipment	Total
	$	$	$
COST			
1 January 2015	176,575	102,403	278,978
Additions	19,935	--	19,935
31 December 2015	196,510	102,403	298,913
DEPRECIATION			
1 January 2015	6,867	11,715	18,582
Charge for the year	12,768	20,481	33,249
31 December 2015	19,635	32,196	51,831
NET BOOK VALUE			
31 December 2015	$176,875	$70,207	$247,082
	======	=====	======
31 December 2014	$169,708	$90,688	$260,396
	======	=====	======

6. NOTE RECEIVABLE

Loan receivable comprise of:

	2015	2014
	$	$
Note receivable	1,419,211	--
Less: Current portion	(110,379)	--
	$1,308,832	$--
	=======	==

On 28 May 2015, the Company granted a promissory note to JDR Mississippi LLC, which is owned by a Director of the Company, ("Borrower") for a principal amount of $1,480,129 in order to the Borrower to settle it's bank loan. The loan accrues interest of 7% per annum and is to be repaid through blended principal and interest payment of $17,186 per month beginning 28 June 2015 until 28 May 2025 at which time the remaining indebtedness and accrued interest shall be due and payable. The loan is secured by a Deed of Trust on a property located in the First Judicial District of Hinds County Mississippi.

7. INVESTMENTS

All of the Company's investments are considered to be AFS investments. The Company's investments are ranked into Levels 1 to 3, based on the degree to which the fair value is observable:

Level 1 - Fair value measures are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's assets that are measured at fair value as at 31 December 2015. The Company does not have financial liabilities at fair value.

	Fair Value Measurements			
	Level 1	**Level 2**	**Level 3**	**Total**
2015	**$**	**$**	**$**	**$**
Exchange traded funds	1,138,248	--	--	1,138,248
Government bonds	--	3,025,833	--	3,025,833
Preferred stock	120,768	500,000	--	620,768
	$1,259,016	$3,525,833	$--	$4,784,849
	=======	=======	==	=======
2014				
Exchange traded funds	$1,099,986	$--	$--	$1,099,986
	=======	==	==	=======

The carrying value of the investments approximates its fair value thus there were no gains or losses recognised in other comprehensive income.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

8. DUE FROM ADMINISTRATOR

The balance due from Administrator pertains to premium payments received from insurance policy holders less commissions and administrative expenses held by the Administrator on behalf of the Company. The receivable balance was unsecured, interest free and has no fixed terms of repayment.

9. REINSURANCE CEDED ASSETS

Reinsurance ceded assets comprise of:

	2015 $	2014 $
Deferred reinsurance premium	465,866	399,095
Receivable from reinsurance recoveries	184,072	38,179
Reinsurers' share of provision for unpaid claims	582	1,018
	$650,520	$438,292

10. REINSURANCE ASSUMED ASSETS

Reinsurance assumed assets comprise of:

	2015 $	2014 $
Assumed reinsurance premium receivable	116,109	--
Due from Standard Life and Accident Reinsurance Company	298,059	--
Due from AmFirst Insurance Company, Ltd. (Bermuda)	15,802	--
	$429,970	$--

The balances due from Standard Life and Accident Reinsurance Company and AmFirst Insurance Company, Ltd. pertains to outstanding assumed reinsurance premium less assumed claims, commissions and administrative expenses on reinsurance. The receivable balances were unsecured, interest free and has no fixed terms of repayment.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

11. UNEARNED PREMIUM

	2015 $	2014 $
Gross premiums written	4,717,949	2,719,081
Premiums earned	(4,445,310)	(2,401,549)
Unearned premium, end of year	$272,639	$317,532

The Company estimates 55% of the gross premium to be the portion related to recovery of cost or acquisition cost of insurance contract. The remaining 45% is the portion related to insurance protection. In the event that insurance policies are cancelled, the portion related to recovery of cost will not be refunded thus considered as earned immediately. Only the portion related to insurance protection is considered in the calculation of unearned premium.

12. ADVANCED PREMIUM

This balance represents the premiums received in advance of the Company's next annual insurance policy billing including the assumed advanced premium on reinsurance. The balance remains an advance until the respective policy renewal has been issued by the Company and is earned over the term of the policy.

13. PROVISION FOR UNPAID CLAIMS

Provision for unpaid claims is comprised of:

	2015 $	2014 $
Claims reserve	1,364,959	172,501
Loss adjustment expense reserve	43,884	8,571
Life policy reserve	18,282	8,256
	$1,427,125	$189,328

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14. SHARE CAPITAL

	2015	2014
Authorised, issued and fully paid		
3,000,000 ordinary shares of $1 each	$3,000,000	$3,000,000
	=======	=======

Effective 1 January 2014, Star General Investments (G.B.) Limited ("Seller") sold all of the Company's issued and outstanding shares to AMFirst Insurance Company Inc. and OIC Holdings Inc. ("Purchasers") for $3,500,000 which was applied as $3,000,000 in share capital and $500,000 as contributed surplus. The Purchasers then agreed to resell 750,000 shares at $1 each to the Seller.

Ownership of the Company's issued share capital follows:

	No. of Shares	
	2015	2015
AMFirst Insurance Company Inc.	1,732,500	1,732,500
OIC Holdings Inc.	517,500	517,500
Star General Investments (G.B.) Limited	750,000	750,000
	3,000,000	3,000,000
	=======	=======

15. PREFERENCE SHARES

	2015	2014
Authorised		
2,000,000 8% Redeemable preference shares of $1 each	$2,000,000	$2,000,000
	=======	=======
Issued and fully paid		
2,000,000 8% Redeemable preference shares of $1 each	$2,000,000	$1,000,000
	=======	=======

The Board of Directors has resolved and the Insurance Commission of the Bahamas ("ICB") has authorized the offering of $2,000,000 Series A 8% Redeemable Preference Shares. The preference shares pay cash dividend semi-annually in December and June each year subject to the declaration of the Directors. Should the Directors make the decision not to pay the dividend, the dividend would not be cumulative.

15. PREFERENCE SHARES (cont)

The preference shares have no maturity date but may be redeemed at the option of the Company with 90 days written notice to the preference shareholders at any time after the fifth anniversary of the Closing Date, with the prior approval of the ICB.

If the Company liquidates, dissolves, winds-up, or sell more than 50% of the value of the Company's assets other than in the ordinary course of the Company's business, holders of the preference shares will have the right to redeem their preference shares, being the right to receive the return of the par value plus any premium paid thereon plus any unpaid declared dividends on the preference shares to the date of that liquidation, dissolution, winding-up, or reduction or decrease in assets before any distribution is made to any subordinated class of shares, including the Company's ordinary shares, but after the distribution on any of the Company's indebtedness, including policy holder and creditor claims, ranking senior to the preference shares. The Company will not be required to pay any dividends after the date of such liquidation, dissolution, winding-up or sale.

The preference shares will rank with respect to the payment of dividends and payments upon liquidation: (1) senior to the Company's ordinary shares; (2) pari-passu with any class of preference shares hereafter issued by the Company and (3) subordinate to any bonds, debentures, debt obligations, or policy holder claims currently of which the Company may enter into.

The preference shares are not secured by any specific collateral. The preference shares will have no voting rights.

16. NET PREMIUMS WRITTEN

Net premiums written comprise of:

	2015 $	2014 $
Gross premiums written	4,717,949	2,719,081
Premium tax	(139,260)	(83,780)
	4,578,689	2,635,301
Decrease/(increase) in unearned premium	45,611	(317,532)
	$4,624,300	$2,317,769
	=======	=======

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

17. NET REINSURANCE PREMIUMS CEDED

Net reinsurance premiums ceded comprise of:

	2015 $	2014 $
Reinsurance premiums ceded	933,582	798,189
Ceding commission	(1,388)	--
Increase in deferred reinsurance premium ceded	(66,437)	(399,095)
	$865,757	$399,094
	======	======

The Company has the following reinsurance agreements:

Reinsurer	Coverage
Health Insurance	
AMFirst Insurance Company Ltd.	- 50% of losses between $50,000 and $200,000
AMFirst Insurance Company	- 50% of losses between $50,000 and $200,000
Certain Underwriting Members of Lloyds London	- All losses in excess of $200,000 up to $800,000 per person each and every loss. Maximum amount recoverable of $2,400,000
Personal Accident and/or Sickness	
Pembroke 4000	- Maximum $1,000,000 anyone person. Monthly benefit 1% of sum insured payable for a maximum of 9 months excess of 90 days each and every loss.
Personal Critical Accident and/or Sickness	
Pembroke 4000	- Maximum $1,000,000 anyone person. Monthly benefit 1% of sum insured payable for a maximum of 36 months excess of 90 days each and every loss.

The period of risk for each reinsurance agreement is considered to be for 2 years thus the reinsurance premium is amortised over the same duration.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

17. NET REINSURANCE PREMIUMS CEDED (cont)

Recoveries from reinsurers follow:

	2015 $	2014 $
AMFirst Insurance Company Ltd. (Bermuda)	350,946	19,089
AMFirst Insurance Company (Oklahoma)	350,946	19,090
Certain Underwriting Members of Lloyds London	76,811	--
	$778,703	$38,179
	======	=====

18. REINSURANCE PREMIUM ASSUMED

The Company entered into the following quota share reinsurance agreements during the year:

Reinsured	Coverage
Standard Life and Accident Insurance Company	- 20% quota share of all gross liabilities and obligations arising out of the "Premium Saver" medical policies issued by the reinsured.
AMFirst Insurance Company, Ltd. (Bermuda)	- 10% quota share of all gross liabilities and obligations arising out of the Executive Disability policies issued by the reinsured excluding the cash value portion. - 100% share of all gross liabilities and obligations arising out of the Cash Value portion of the above policy.

Reinsurance premium assumed comprise of:

	2015 $	2014 $
Standard Life and Accident Insurance Company	4,895,927	--
AMFirst Insurance Company, Ltd. (Bermuda)	397,516	--
	$5,293,443	$--
	=======	==

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

19. CLAIMS PAID

This pertains to payments made for claims of the insured against their insurance policies. This also includes payments made on assumed reinsurance claims from reinsured.

Claims paid comprise of:

	2015 $	2014 $
Claims paid on direct written policies	2,065,207	511,486
Reinsurance assumed claims paid	1,591,312	--
	$3,656,519	$511,486

20. LOSS ADJUSTMENT EXPENSE - NET

Loss adjustment expense - net is comprised of:

	2015 $	2014 $
Change in claims reserve	1,193,306	171,483
Change in loss adjustment expense reserve	35,285	8,571
Change in life policy reserve	10,026	8,256
	$1,238,617	$188,310

21. COMMISSION EXPENSE

Commission expense is comprised of:

	2015 $	2014 $
Commission paid on reinsurance assumed	2,192,718	--
Commission paid on premiums written	1,129,746	721,562
	$3,322,464	$721,562

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

22. ADMINISTRATIVE AND MARKETING EXPENSES

	2015 $	2014 $
Value added tax	149,350	--
Bank charges	136,422	76,833
Rent and common area maintenance	52,422	32,120
Actuarial expenses	47,451	16,624
Directors and management expenses	45,000	42,000
Travel expenses	33,834	32,307
Office supplies	22,428	3,630
Professional fees	21,584	12,970
Postage and shipping	19,788	838
Utilities	19,659	14,783
Computer and IT expense	10,186	--
License fees	9,428	17,865
Marketing	8,896	7,454
Repairs and maintenance	7,668	5,266
Telephone	6,990	1,622
Insurance expense	5,563	--
Dues and subscriptions	5,430	--
Consulting fees	2,006	23,192
Others	23,338	1,545
	$627,443	$289,049
	======	======

23. CONSULTING INCOME

The Company has an agreement with London America Insurance Company (LAIC) wherein the Company will act an independent contractor to provide consulting services to LAIC relative to the policy design, policy filings and general business reinsurance. The agreement commenced on 1 January 2014 for 1 year and is automatically renewed every year until terminated. Agreed consulting fee is $750,000 per year payable in quarterly.

For 2015, group management have decided to reduce the fee to $500,000.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

24. LEASE AGREEMENT

The Company has a lease agreement with Royal Star Investment Ltd., for the use of office space. The lease agreement is for 5 years commencing 1 May 2014 to 30 April 2016.

The Company has outstanding commitments for future lease payments are as follows:

	2015 $	2014 $
One year	32,120	32,120
Two years to five years	42,827	74,947
	$74,947	$107,067

25. INCOME TAX

Income tax comprise of:

	2015 $	2014 $
Federal tax (benefit)/expense	(18,846)	278,728
Deferred tax	1,254	--
	$(17,592)	$278,728

Reconciliation between the income tax and the product of accounting profit based on the statutory tax rate of 34% follows:

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

25. INCOME TAX (cont)

	2015	2014
	$	$
Profit before tax	1,155,790	759,532
Tax at statutory rates	392,969	258,241
Tax basis change in advance premium	--	21,335
Tax effect of expenses not deductible for tax purposes	8,731	581
Tax effect of SLICD	(245,100)	--
Others	6,800	(1,429)
	163,400	278,728
Prior year return to provision difference	(182,246)	--
	$(18,846)	$278,728
	=====	======

26. RELATED PARTY TRANSACTIONS

The Company's directors are regarded to be its key management personnel. The president and non-executive directors are paid an annual fee of $6,000 plus $500 for every board meeting and committee meeting attended.

During the year, the key management personnel benefits totaled $45,000 (2014: $42,000).

27. MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

All of the Company's current financial assets and liabilities are due within one year.

28. INTEREST RATE RISK

Except of the Company's investment in bonds, no financial instruments have a significant exposure to interest rate risk.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

All of the Company's significant financial instruments are considered to have fair values equivalent to their carrying value.

30. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss arising if a counter-party fails to meet its contractual obligations. The Company actively seeks to minimise this risk by placing its bank balances with first rate financial institutions. The majority of the Company's receivables are due from administrators and reinsurers thus there is no significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity. Claim payments are funded by current operating cash flow including investment income.

30. FINANCIAL RISK MANAGEMENT (cont)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Management mitigates this risk by not investing significantly in securities affected by market risk.

Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements as disclosed in Note 17.

Amounts recoverable from reinsurers are calculated in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

31. CAPITAL

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for its shareholder and benefits for other stakeholders and;

- To provide an adequate return to its shareholder by investing in securities that provide an acceptable return commensurately with the level of risk.

31. CAPITAL (cont)

In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain funds from the shareholder.

The ICB has prescribed a minimum capital requirement of $2,000,000 for domestic insurance companies offering long term insurance policies.

Additionally, the ICB has prescribed that there should be sufficient admissible assets to meet the minimum margin of solvency requirement of $2,000,000 plus 20% of gross written premiums.

32. COMPARATIVE FIGURES

Presentation of certain comparative balances has been re-stated in order to conform with the current year's presentation.