Ed Broking Group Limited

Consolidated Financial Statements

Year ended 31 December 2016

Ed.

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Company Information

Directors

Martin Sullivan (Non-Executive Chairman)
Steve Hearn (CEO)
Neil Perry
Andrew Wallin
Wayne Berman (Non-Executive)
José Manuel Fonseca (Non-Executive)
Richard Sterne (Non-Executive)
John Whiter (Non-Executive)
Boris Rapoport (Non-Executive)

Registered office

52 Leadenhall Street
London
EC3A 2EB

Registered number

07254605

Independent auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Principal bankers

Royal Bank of Scotland
RBS London Corp Bank Centre
2 ½ Devonshire Square
London
EC2M 4XJ

The Directors present their strategic report and the audited consolidated financial statements of Ed Broking Group Limited ('the Group') and the separate financial statements of Ed Broking Group Limited ('the Company') for the year ended 31 December 2016.

Name change

With effect from 9 September 2016, the name of the Group and the Company was changed from Cooper Gay Swett and Crawford Limited to Ed Broking Group Limited.

Principal activities

The Company is domiciled and incorporated in the UK under company number 07254605 on 14 May 2010 as the Holding Company of the Ed Group. The primary business activities of the Group are international insurance and reinsurance intermediation. The Group operates from a number of offices worldwide and will continue to carry on these activities.

Key events in the year

Strategic Review

The Strategic Review was instigated by the new Group CEO, Steve Hearn, on his arrival in November 2015. It determined that the group should respond to operational and industry challenges by building a model based around excellence in specialist insurance risks, an absence of channel conflict and a seamless global operation. This is being delivered through deleveraging and investing in skills and infrastructure to drive a focused growth plan. A major milestone in this plan was the re-branding, in September 2016, from Cooper Gay Swett and Crawford Limited to Ed Broking Group Limited.

Footprint

As a core component of the strategic review, the group is adjusting its geographic footprint. The future model will be concentrated around the key regional wholesale and reinsurance hubs. As a result, in April 2016 the group sold non-aligned operations. The US retail operation (excluding the Canadian unit, Creechurch International Underwriters Limited) was sold for USD$500m in cash to a third party. In May 2016, Junge's Belgian operation was sold and in the second half of the year the group instigated the sale of all its Latin American businesses (see note 25). The final unit of the Latin American disposals completed in June 2017.

After clearing indebtedness in full, the Group is utilising the net proceeds generated towards the implementation of the three year plan developed during the strategic review. The plan will deliver the vision of Broking Redefined through investment in people, geographic and product footprint and technology.

Leadership & Talent

A new management team is in place; a combination of existing senior managers and new hires. This group operates collaboratively with leaders of the international businesses. This matrix approach ("One Ed") is a core tenet of the new strategy.

There is an identified pipeline of new insurance broking and production talent, in London and internationally.

Operational transformation

During 2016 the group undertook a redundancy programme in its UK operations. The objective was to re-align headcount and capabilities around the new strategy and to address escalating central operations costs.

Business review and results

Operating Environment

The global economic environment remained characterised by uncertainty in 2016. While the majority of both developed and developing economies saw signs of economic growth, interest rates remained low in the major developed economies.

The ongoing global political outlook creates risks in relation to economic and trade policy. Protectionist trade and regulatory frameworks are forcing changes in business models and driving up operating costs for all industry sectors.

The competitive pressures acting on participants in the global (re)insurance industry remained. Insurance demand is correlated to economic activity and while long term growth opportunities exist, particularly in developing economies, the current environment - one of over capitalisation, below average losses and weak pricing - has forced participants to focus on cost reduction and efficiencies.

Technology is changing both the nature of risk and the way firms and clients do business. Traditional insurance distribution chains are under pressure and must respond. Developing new products and new ways of doing business will position incumbent intermediaries against the threat of disruptive, technology-enabled new entrants.

Business Performance

At 31 December 2016, the Group had a global network of 17 offices and around 500 employees under the Ed group structure. During the year the Group saw a reduction in overall reported revenue and EBITDA due to a combination of internal and external challenges; most notably in the UK. In addition, the carrying value of Goodwill and Intangible Assets was impaired by US$13.9m during the year (see notes 9 and 10). The Group loss after tax from continuing operations was US$51.5m (2015: US$33.4m loss).

Financial review

Due to the changes in the Group in the year, certain comparatives in the Consolidated Income Statement have been reclassified in the 2016 financial statements. The comparatives shown in the Consolidated Income Statement from the Commission and fees line down to Loss for the year from continuing operations line are for businesses that are ongoing as at 31 December 2016. The 2015 comparatives for businesses that were sold during the year have been reclassified to Discontinued Operations. The results stated below are therefore for continuing operations only.

	2016 US$'000	2015 US$'000
Key performance indicators		
Commissions and fees	**103,276**	122,092
EBITDA [1]	**329**	5,382
EBITDA margin[1]	**0.3%**	4.4%

[1] EBITDA is operating profit before exceptional items, excluding depreciation, amortisation, impairment charges, share based payments and discontinued operations. EBITDA margin is calculated as a percentage of commissions and fees.

The Group reports its business across 3 segments - North America, International and Central Operations.

For 2016, following the sale of Swett and Crawford, the North America segment represents the operations of Creechurch (a Canadian Managing General Agent) and our Miami Office. Creechurch was sold in February 2017 and the final unit of the Latin American disposals completed in June 2017. North America remains an important source of business for the group, primarily accessed by a strong network of relationships with US retail brokers.

The International segment covers operations in the UK, Continental Europe, Australia and Latin America. All group owned businesses in Latin America have been sold.

For continuing opeations, on a like for like basis both revenues and EBITDA have reduced. All businesses were exposed to challenging macro-economic and industry conditions. The divisions that were impacted the most by these conditions were our reinsurance and German marine business.

The Head office segment covers the group's management and corporate services and support functions. This unit underwent significant restructure and re-alignment to support the delivery of the new strategy.

Conclusion

The group suffered from difficult trading conditions during 2016 arising from global economic conditions and insurance industry dynamics. The first phase of the strategic plan - realigning the group's geographic footprint and delivering cost efficiencies in London - allows investment in business development and transformation, after repayment of debt in full.

Going concern

In assessing going concern, the Directors take account of all information of which they are aware in respect of the entity's performance, which is at least, but is not limited to, twelve months from the date that the balance sheet is signed.

Looking ahead

The group's focus in 2016 was on implementing the 'fix' phase of the strategic review. In 2017, focus turns to building the foundations of the new model and to growth. The combination of existing and new talent, with a clear strategic direction, is being applied to organic growth and to targeted entry of new product and geographic markets.

Events after the reporting date

Details of significant events since the balance sheet date are contained in note 30 to the financial statements.

Principal risks and uncertainties

Risks are potential events that affect the company's ability to achieve its strategic objectives.

The major risks faced by the Group are regularly assessed and arise from:

- Failures in client service, in particular those causing errors;
- Loss or mishandling of client money;
- Breach of local laws, in particular financial services regulations and sanctions, resulting in regulatory or law enforcement action;
- Major actions proposed by Group businesses that are either improperly executed or conflict with overall Group strategy;
- Conflicts of interest, that could affect our staff and our service to clients, and

The Group regards non-compliance with law and regulation, loss or mishandling of client money, and errors and omissions as the principal risks it faces. Risks to the Group are mitigated by controls designed to prevent risks crystallising, to detect risk events, and to mitigate the impact of risk events.

Risk policies

The Board of Directors of the Group has ultimate responsibility for risk management, and delegates oversight of risk management, financial control and reporting processes to the Group Audit and Risk Committee, formed of non-executive directors.

The Group has implemented a risk management approach appropriate to the size, nature and strategy of the business. This approach is regularly reviewed to ensure it remains appropriate and effective.

The Board recognises that the major risks are most effectively mitigated as close to their source as possible, so requires and empowers business managers to take responsibility for management of risks. The Board has also implemented a governance structure over critical actions taken by businesses. Their execution of these responsibilities and compliance with the governance structure are closely monitored via reporting and regular reviews and audits by the Group's Risk Management function of risk management processes used by business managers.

Financial risk management

1) Foreign currency risk
The Group's cash flow, income statement and statement of financial position are reported in US Dollars. Results are inevitably therefore affected by fluctuations in exchange rates because a significant portion of the Group's business activities is conducted in currencies other than US Dollars, and the Group holds substantial non-US Dollar denominated assets. This foreign currency risk is mitigated through the use of derivative financial instruments.

A 10 cent strengthening of the US Dollar exchange rate against Sterling in 2016 would have the following impact:

	2016 US$'m	2015 US$'m
Operating profit (unhedged)	**5.9**	5.0
Operating profit (hedged)	**3.8**	1.1

2) Credit risk
The Group's exposure to credit risk takes the form of a loss that would be recognised if counterparties failed to, or were unable to, meet their payment obligations. These risks may arise in certain agreements in relation to amounts owed for fees and commissions, the use of derivative instruments, and the investment of surplus cash balances. The Group is also exposed to political and economic risk events, which may cause non-payment of foreign currency obligations to the Group. Poor economic conditions also increase the likelihood of failure of companies in the sector, potentially including partners, contractors and suppliers. The Group monitors its credit risk through client acceptance procedures, credit control and actively monitors financial institutions with which it holds its cash.

The maximum credit risk exposure to the Group represents the total of its trade and other receivables, cash and cash equivalents, investments & deposits classified as available-for-sale investments, held for sale assets and derivative financial instruments classified as current and non-current assets of US$189.2m (2015: US$361.1m).

3) Liquidity risk
The Group is also exposed to liquidity risks, including the risk that financial assets cannot readily be converted to cash without loss of value. Failure to manage financing risks could have a material impact on the Group's cash flow, income statement and statement of financial position. The Group minimises liquidity risk through regular monitoring of liquidity available to the group.

4) Errors & Omissions (E&O) risk

Potential E&O losses arise from the risk of claims from clients or re/insurers due to negligence, error or omission. E&O actions typically arise from a failure in operating policy in relation to placement or claims; or in the provision of services or advice.

By the very nature of wholesale broking, the Group is exposed to this risk on a daily basis. We are in a strong position and mitigate this risk in a number of ways:

- we employ experienced staff who share the Group's values;
- compliance requirements are embedded into our dealings with clients and carriers;
- staff receive training and follow clearly explained processes and procedures to ensure that clients' needs are being addressed and that market practice is followed;
- all steps in the broking process are documented and relevant evidence is retained;
- second line of defence activities, particularly file reviews and internal audit provide additional assurance;
- as an added measure of risk mitigation, the Group has its own E&O insurance to cover the costs of any successful claim against it.

5) BREXIT risk

The UK's withdrawal from membership of the European Union may have an adverse impact on the Group's ability to deliver on its business strategy. The BREXIT process is expected to take at least two years to conclude. Until the likely outcome of the negotiations becomes clearer, uncertainty will remain about the impact on the Group's business model. However, the majority of our business is sourced from, and placed, outside the EU.

We are evaluating:

- scenarios that may arise at the time of the UK's EU exit and developing mitigation plans; including the use of our existing broking operations in France and Germany
- possible impacts on the Lloyds market and on our staff who are EU nationals

We continue to monitor developments in the BREXIT negotiations and the markets we operate in to manage any risks to our business strategy.

Approved by the Board and signed by order of the Board

Steve Hearn
Chief Executive Officer
31 July 2017

The Directors present their report and the audited consolidated financial statements of the Group and Company for the year ended 31 December 2016.

Directors and their interests

The Directors who held office during the year and to the date of this report are given below:

Wayne Berman	Appointed 1 March 2013
Steve Hearn	Appointed 5 November 2015
José Manuel Fonseca	Appointed 9 July 2010
Neil Perry	Appointed 27 July 2017
Boris Rapoport	Appointed 28 July 2016
Richard Sterne	Appointed 14 April 2015
Martin Sullivan	Appointed 26 September 2014 (elected as Chairman 1 October 2014)
Andrew Wallin	Appointed 27 July 2017
John Whiter	Appointed 9 July 2010
Shaun Hooper	Appointed 14 July 2015, resigned 17 August 2016
Don Marron	Appointed 16 January 2013, resigned 26 July 2016
Gordon Newman	Appointed 14 July 2015, resigned 28 April 2016
Phil Rock	Appointed 9 July 2010, resigned 31 May 2016
Thomas Ruggieri	Appointed 14 July 2015, resigned 28 April 2016
Mark Vassallo	Appointed 16 January 2013, resigned 26 July 2016

Details of directors' remuneration are shown in note 5 of the financial statements. No director has any beneficial interest in the shares of any group companies other than Ed Broking Group Limited.

Alternate Directors
On 21 July 2016, José Manuel Fonseca appointed Carlos de Aguiar to act as his Alternate Director.

An Alternate Director shall be entitled to receive notice of and attend meetings of the Directors of which his appointer is a member and not able to attend. The Alternate Director shall be entitled to vote at such meetings and generally perform all the functions of his appointer as a Director in his absence. On resignation of the appointer for any reason the Alternate Director shall cease to be an Alternate Director. The appointer may also remove his Alternate Director by notice to the Company Secretary signed by the appointer revoking the appointment.

Directors' responsibilities

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 prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively; 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor

It is intended to reappoint the auditor, Deloitte LLP, who have indicated their willingness to continue in office and arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an annual general meeting.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware; and
- he has taken all 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 should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Dividend recommendation

The directors recommend that no final dividend is paid (2015: nil). No interim dividend was paid during the year (2015: nil).

Employees

The Directors recognise that the continuing success of the Group depends on its employees and continues to adopt policies designed to attract, train and retain skilled and talented individuals. Consultation with employees has continued at all levels with the aim of ensuring that views are considered when reaching decisions that may impact the employees. Communication with employees has continued through various means including Company intranet, newsletters, journals and regular briefing and update sessions.

The Group continues to develop and engage employees through various initiatives, such as leadership and management discussions, improved communication channels such as regular Group communications and local entity meetings aimed at improving employees understanding of how their daily activities impact the Groups and local entity performance. Many employees are shareholders in the business which helps align individual performance with the financial results of the Group.

Equal opportunities

The Group is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age, sexual orientation or disability.

Applications for employment from disabled persons are given full consideration where the requirements of the job can be adequately fulfilled by a disabled person. In the event of an existing employee becoming disabled, the Group's policy is to provide, wherever practicable, continuing employment under normal terms and conditions and to provide training and career development and promotion identical to that of a person who does not suffer from a disability wherever appropriate.

Approved by the Board and signed by order of the Board

Steve Hearn
Chief Executive Officer
31 July 2017

Independent auditor's report to the members of Ed Broking Group Limited

We have audited the financial statements of Ed Broking Group Limited for the year ended 31 December 2016 which comprises of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the parent company balance sheet, the parent company statement of changes in equity, the accounting policies and related notes 1 to 32. The financial reporting framework that has been applied in preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the parent company financial statements 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- 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.

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 you if, in our opinion:

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

David Rush (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

31 July 2017

Consolidated income statement for the year ended 31 December 2016

	Notes	**Year Ended 31 December 2016 US$'000**	Year Ended 31 December 2015 US$'000
Commissions and fees	1	**103,276**	122,092
Investment income	3	**397**	285
Other operating income	2	**1,449**	1,542
Other operating costs		**(123,035)**	(137,563)
Depreciation, amortisation and impairment charges	2	**(19,114)**	(10,001)
Operating loss	2	**(37,027)**	(23,645)
Analysed as:			
Operating loss before exceptional items		**(19,762)**	(10,497)
Exceptional items	2	**(17,265)**	(13,148)
Operating loss		**(37,027)**	(23,645)
Finance costs	4	**(14,546)**	(5,672)
Finance income	4	**124**	123
Net finance costs	4	**(14,422)**	(5,549)
Loss before tax		**(51,449)**	(29,194)
Income tax expense	7	**(21)**	(4,239)
Loss for the year from continuing operations		**(51,470)**	(33,433)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	25	**157,569**	(329)
Profit/(loss) for the year		**106,099**	(33,762)
Attributable to:			
Owners of the Company		**97,198**	(39,268)
Non-controlling interests	23	**8,901**	5,506
		106,099	(33,762)

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Notes	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Profit/(loss) for the year		**106,099**	(33,762)
Other comprehensive income:			
Items that will not be subsequently reclassified to profit and loss:			
Remeasurement of post retirement benefit obligations			
- gross	26	**(4,165)**	5,074
- tax		**424**	(1,001)
		(3,741)	4,073
Items that may be subsequently reclassified to profit and loss:			
Cash flow hedge :			
- fair value losses in year		**(10,275)**	(1,603)
- transfers to commissions and fees		**5,067**	1,595
Currency translation differences		**2,631**	(7,519)
		(2,577)	(7,527)
Other comprehensive loss for the year, net of tax		**(6,318)**	(3,454)
Total comprehensive profit/(loss) for the year		**99,781**	(37,216)
Attributable to:			
Owners of the Company		**90,880**	(42,722)
Non-controlling interests		**8,901**	5,506
		99,781	(37,216)

Consolidated statement of financial position as at 31 December 2016

	Notes	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Non-current assets			
Goodwill	9	**34,673**	286,351
Other intangible assets	10	**7,433**	54,237
Property, plant and equipment	11	**1,113**	11,101
Trade investments	12	**150**	1,756
Trade and other receivables	15	**3,902**	2,158
Available-for-sale financial assets	13	**-**	2,610
Derivative financial instruments	14	**-**	2,289
Deferred tax assets	20	**3,570**	3,574
		50,841	364,076
Current assets			
Trade and other receivables	15	**40,745**	79,254
Current tax assets		**604**	-
Derivative financial instruments	14	**3**	275
Held for sale	25	**2,000**	-
Cash and cash equivalents	16	**142,580**	274,469
		185,932	353,998
Current liabilities			
Borrowings	19	**-**	(3,424)
Trade and other payables	17	**(141,902)**	(317,388)
Derivative financial instruments	14	**(6,017)**	(2,677)
Current tax liabilities		**(156)**	(1,640)
Provisions for liabilities and charges	21	**(1,166)**	(9,031)
		(149,241)	(334,160)
Net current assets		**36,691**	19,838
Non-current liabilities			
Borrowings	19	**-**	(404,274)
Trade and other payables	17	**(3,101)**	(3,807)
Derivative financial instruments	14	**(3,174)**	(2,692)
Deferred tax liabilities	20	**(722)**	(2,962)
Retirement benefit obligations	26	**(20,261)**	(20,029)
Provisions for liabilities and charges	21	**(38)**	(755)
		(27,296)	(434,519)
Net assets/(liabilities)		**60,236**	(50,605)
Capital and reserves			
Share capital	22	**4,205**	3,040
Share premium	22	**158,632**	139,795
Capital reserve	22	**25,124**	25,124
Hedge reserve	22	**(6,730)**	(1,522)
Foreign currency translation reserve	22	**(7,723)**	(10,354)
Retained accumulated deficit	22	**(115,065)**	(209,073)
Equity attributable to owners of the Company		**58,443**	(52,990)
Non-controlling interests	23	**1,793**	2,385
Total equity		**60,236**	(50,605)

The Accounting Policies and Notes on pages 19 to 75 form an integral part of these financial statements.

The financial statements on pages 1 to 75 were approved by the Board and signed on its behalf on 31 July 2017 by:

Steve Hearn
Chief Executive Officer

Consolidated statement of changes in equity for the year ended 31 December 2016

	Notes	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Hedge reserve US$'000	Foreign currency translation reserve US$'000	Retained accumulated deficit US$'000	Equity attributable to the owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Balance at 1 January 2016		**3,040**	**139,795**	**25,124**	**(1,522)**	**(10,354)**	**(209,073)**	**(52,990)**	**2,385**	**(50,605)**
Actuarial gains recognised in post retirement benefit schemes:										
- gross	26	-	-	-	-	-	(4,165)	(4,165)	-	(4,165)
- tax		-	-	-	-	-	424	424	-	424
Cash flow hedge :										
- fair value losses in year	14	-	-	-	(10,275)	-	-	(10,275)	-	(10,275)
- transfers to fees and commissions	14	-	-	-	5,067	-	-	5,067	-	5,067
Currency translation differences		-	-	-	-	2,631	-	2,631	-	2,631
Net (losses)/profit recognised directly in equity		-	-	-	(5,208)	2,631	(3,741)	(6,318)	-	(6,318)
Profit for the year		-	-	-	-	-	97,198	97,198	8,901	106,099
Total comprehensive (loss) / income for the year		-	-	-	(5,208)	2,631	93,457	90,880	8,901	99,781
Dividends paid	8/23	-	-	-	-	-	-	-	(8,020)	(8,020)
Issue of shares	22	1,165	18,837	-	-	-	-	20,002	-	20,002
Share based payments		-	-	-	-	-	(132)	(132)	-	(132)
Purchase of shares by the ESOT		-	-	-	-	-	724	724	-	724
Share issue to non-controlling interest		-	-	-	-	-	(41)	(41)	-	(41)
Non-controlling interests:										
Exchange adjustment	23	-	-	-	-	-	-	-	(249)	(249)
Return of non-controlling interest	23	-	-	-	-	-	-	-	(39)	(39)
Share issue to non-controlling interest	23	-	-	-	-	-	-	-	264	264
Held for sale entities with non-controlling interest	23	-	-	-	-	-	-	-	(167)	(167)
Disposals of subsidiary with non-controlling interest	23	-	-	-	-	-	-	-	(1,282)	(1,282)
Balance at 31 December 2016		**4,205**	**158,632**	**25,124**	**(6,730)**	**(7,723)**	**(115,065)**	**58,443**	**1,793**	**60,236**

Consolidated statement of changes in equity for the year ended 31 December 2015

	Notes	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Hedge reserve US$'000	Foreign currency translation reserve US$'000	Retained accumulated deficit US$'000	Equity attributable to the owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Balance at 1 January 2015		3,039	139,795	25,124	(1,514)	(2,835)	(176,154)	(12,545)	6,815	(5,730)
Actuarial losses recognised in post retirement benefit schemes										
- gross	26	-	-	-	-	-	5,074	5,074	-	5,074
- tax		-	-	-	-	-	(1,001)	(1,001)	-	(1,001)
Cash flow hedge :										
- fair value losses in year	14	-	-	-	(1,603)	-	-	(1,603)	-	(1,603)
- transfers to fees and commissions	14	-	-	-	1,595	-	-	1,595	-	1,595
Currency translation differences		-	-	-	-	(7,519)	-	(7,519)	-	(7,519)
Net losses/(profit) recognised directly in equity		-	-	-	(8)	(7,519)	4,073	(3,454)	-	(3,454)
(Loss) / profit for the year		-	-	-	-	-	(39,268)	(39,268)	5,506	(33,762)
Total comprehensive (loss) / income for the year		-	-	-	(8)	(7,519)	(35,195)	(42,722)	5,506	(37,216)
Dividends paid	8/23	-	-	-	-	-	-	-	(9,616)	(9,616)
Issue of shares	22	1	-	-	-	-	-	1	-	1
Share based payments		-	-	-	-	-	5,080	5,080	-	5,080
Purchase of shares by the ESOT		-	-	-	-	-	(2,071)	(2,071)	-	(2,071)
Purchase of non-controlling interests	23	-	-	-	-	-	(733)	(733)	-	(733)
Non-controlling interests:										
Exchange adjustment	23	-	-	-	-	-	-	-	(348)	(348)
Return of non-controlling interest	23	-	-	-	-	-	-	-	(15)	(15)
Purchases of subsidiary with non-controlling interest	23	-	-	-	-	-	-	-	132	132
Disposal of subsidiary with non-controlling interests	23	-	-	-	-	-	-	-	(89)	(89)
Balance at 31 December 2015		3,040	139,795	25,124	(1,522)	(10,354)	(209,073)	(52,990)	2,385	(50,605)

Consolidated statement of cash flows
as at 31 December 2016

	Notes	**Year Ended 31 December 2016 US$'000**	Year Ended 31 December 2015 US$'000
Net cash used in operating activities	24	**(50,356)**	(20,182)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(1,512)**	(1,926)
Purchase of other intangible assets	10	**(207)**	(809)
Proceeds from disposal of property, plant and equipment		**215**	272
Acquisition of businesses, (net of cash acquired)		**(39)**	(5,103)
Disposal of businesses, (net of cash disposed)		**337,804**	(668)
Held for sale reclassification, (net of cash reclassified)		**(976)**	-
Purchase of trade investments		**(102)**	-
Disposal of trade investments		**1,399**	-
Purchase of available-for-sale financial assets		**-**	(167)
Proceeds from disposal of available-for-sale financial assets		**-**	257
Realised loss on derivative financial instruments		**(7,114)**	(2,160)
Net cash used in investing activities		**329,468**	(10,304)
Cash flows from financing activities			
Interest income derived from own funds	4	**124**	39
Purchase of shares by ESOT and EBT		**(385)**	(2,071)
Issue of ordinary shares		**20,002**	1
Receipts from new loans		**14,020**	55
Repayment of loans		**(431,375)**	(3,088)
Bank overdraft		**(360)**	360
Dividend paid to minority shareholders	23	**(8,020)**	(9,616)
Net cash used in financing activities		**(405,994)**	(14,320)
Net decrease in cash and cash equivalents		**(126,882)**	(44,806)
Cash and cash equivalents at beginning of year		**274,469**	322,134
Effects of exchange rate changes		**(5,007)**	(2,859)
Cash and cash equivalents at end of year	16	**142,580**	274,469

Accounting policies

Basis of preparation

The consolidated financial statements of Ed Broking Group Limited ('the Group') have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of available-for-sale investments and derivative instruments at fair value through the comprehensive statement of income. Accounting policies have been consistently applied.

The separate financial statements of Ed Broking Group Limited ('the Company') have been prepared in accordance with FRS 102 and the Companies Act 2006. A separate profit and loss account for Ed Broking Group Limited has not been presented as permitted by section 408 of the United Kingdom Companies Act 2006.

Basis of consolidation

The consolidated financial statements include those of Ed Broking Group Limited and its subsidiaries as at 31 December 2016.

Subsidiaries

An entity is regarded as a subsidiary if the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its return.

The company reassesses whether or not it controls an investee if the facts and circumstances indicate there are changes to one or more of the elements of control listed above. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations

Business combinations have been accounted for by the purchase method of accounting. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Executive Committee is the chief operating decision maker for the Group, as it makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and the related translation gains and losses are reported in the consolidated income statement within net finance costs / income. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined.

Foreign currency translation (continued)

Non-monetary assets and liabilities carried at historical cost that are denominated in foreign currencies are translated at the historical exchange rate.

On consolidation, the results of foreign entities are translated into US Dollars, the Group's presentational currency, at the average rate of exchange applicable to the relevant period. The assets and liabilities of the foreign entities are translated into US Dollars at the exchange rates ruling at the balance sheet date. Goodwill and fair value adjustments arising on the acquisition of an overseas business are treated as assets and liabilities of the foreign entity and translated at the closing rate; foreign exchange differences arising on consolidation are shown in the consolidated statement of comprehensive income.

Revenue

The Group generates revenue principally from commissions and fees associated with placing insurance and reinsurance contracts.

Revenue represents brokerage, fees, commissions and other related income net of payaway commissions to third parties. Revenue relating to insurance broking is recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation. Fees and other income receivable are recognised in the period to which they relate or later when they can be measured with reasonable certainty.

In certain circumstances, where the revenue cannot be reliably measured at the contract or policy inception date, commissions and fees are recognised on a periodic basis when consideration becomes due. Commissions and fees relating to return and additional premiums or adjustments are recognised as they occur. Brokerage on multi-year policies that are non-cancellable is recognised at the date of inception of the risk. Brokerage on multi-year policies which can be cancelled or varied at the inception of the risk is apportioned on an annual basis.

Other income receivable is recognised in the period to which it relates or, if later, when it can be measured with reasonable certainty. Other income is all other income receivable not related to the placing of insurance and reinsurance contracts.

Investment income and interest expense

Investment income is recognised as earned and includes interest earned on cash flows arising from the settlement of insurance broking receivables and payables. Investment income derived from fiduciary funds forms an integral part of the Group's operating activities and is included as part of operating profit. Investment income derived from own funds is included below the operating profit line in 'Finance income'.

Interest expense incurred on borrowings is recognised in the income statements in 'Finance costs' and is calculated using the effective interest rate method. The calculation includes all transaction costs, fees and points paid between parties to the contract that are an integral part of the effective rate.

Operating leases

Rentals payable under operating leases are charged to the income statement as incurred over the lease term.

Non-recurring items ('exceptional items')

Income or expenditure in relation to events that are unusual due to their size or incidence are credited or charged to operating profit and classified under the appropriate heading in the income statement. Such items are disclosed separately as 'exceptional items' when they are considered material, in order that the effects of these items on operating profit can be fully appreciated.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation (continued)
Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the corresponding bases used in the computation of taxable profit.

Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred tax liabilities are only offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax balances are not discounted.

Share based payments
The share option programme allows Group employees to acquire shares of the ultimate parent company; these awards are granted by the ultimate parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

In accordance with the Articles of Association, employee shareholders of the Group are subject to certain restrictions over the sale of their shares. The existence of these restrictions results in the shares being captured by IFRS 2 "Share based payments". The Group has a choice of whether to acquire such shares from employees who choose to sell them or leave the Group. The Group is under no present obligation to do so either through the relevant rules of the Articles or as a result of stated policy or past practice. Accordingly these shares are accounted for as equity settled. Where these shares are acquired by employees at a value below the unrestricted fair market value, the difference is recognised as an employee expense, with a corresponding increase to equity, and spread over the vesting period.

Employee share ownership trust ('ESOT') and employee benefit trust ('EBT')
In 1997 Cooper Gay (Holdings) Limited (now Ed Broking Holdings (London) Limited) established an employee share ownership trust. The trustee is Cooper Gay (Employee Trust) (Jersey) Limited, a subsidiary, and its assets are held separately from those of the Group.

In 2009 Cooper Gay (Holdings) Limited now Ed Broking Holdings (London) Limited) established The Cooper Gay (Holdings) Limited Employee Benefit Trust, the trustees of which jointly own shares in the Company together with a small number of former employees.

Whilst the trustees have a fiduciary duty to act in the best interests of the beneficiaries of the trust, in practice the *advice of Ed Broking Group Limited as to how the assets are used for the benefit of* employees is generally accepted and the company bears the major risks and rewards of the assets held within the trust.

The financial statements of the trusts have been incorporated in the consolidated financial statements as subsidiaries.

Investments in the Company's own shares are held at cost and are included as a deduction from shareholders' equity. Purchases, sales and transfers of these shares are disclosed as changes in shareholders' equity.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition.

For acquisitions prior to 1 January 1998, any goodwill arising has been written off to reserves on consolidation. Following the adoption of IFRS, this goodwill will remain written off to reserves and no adjustment will be made on subsequent disposal. For acquisitions completed on or after 1 January 1998 and before 1 January 2007, goodwill is stated on the balance sheet at its amortised net book value. For acquisitions made after 1 January 2007, goodwill is stated on the balance sheet at historic cost to the extent that it does not arise on the acquisition of non-controlling interests. Goodwill in relation to the acquisition of non-controlling interests is written off to reserves.

Goodwill (continued)
Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing. Cash-generating units represent the lowest level of geographical and business unit combinations that the Group uses for internal reporting purposes. The gain or loss on disposal of an entity includes the carrying amount of any goodwill relating to the entity sold.

Transactions and non-controlling interests
The Group applies a policy of treating transactions with the owners of the non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary. The goodwill arising from purchases of non-controlling interests is written off to retained earnings.

Other intangible assets
Other intangible assets comprise computer software, software development costs, trademarks, non-compete agreements and the purchase of contractual customer relationships to acquire the benefit of client contracts, intellectual property, information and business records. The acquisition of the contractual customer relationships provide the Group the exclusive right to represent and hold itself out as carrying on the business in succession and the right to act as broker to existing clients in respect of renewal of existing insurance and reinsurance policies and contracts and new insurance and reinsurance policies and contracts and to provide other insurance and reinsurance related services to existing clients.

Acquired software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred. Software and software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives (five years).

Trademarks and non-compete agreements are amortised over their useful lives of the assets and range from one to twenty five years. Contractual customer relationships are amortised to the income statement, on a straight line basis, over the life of the contract or their estimated useful life. The contractual customer relationships current maximum estimated useful life is between four and ten years.

The amortisation charge for the year is included in the income statement under 'Depreciation, amortisation and impairment charges'.

Impairment of assets
Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

To the extent that the carrying amount exceeds the recoverable amount, which is the higher of net realisable value and value in use, the asset is written down to its recoverable amount. Net realisable value is the estimated amount at which an asset can be disposed of, less any direct selling costs. Value in use is the estimate of the discounted future cash flows generated from the asset's continued use, including those resulting from its ultimate disposal. For the purposes of assessing value in use, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Property, plant and equipment
Property, plant and equipment assets are stated at cost less accumulated annual depreciation. Cost includes the historic purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of such assets on a straight-line basis over their estimated useful lives at the following annual rates:

- Leasehold improvements - over the term of the lease
- Furniture equipment and other - 10% to 20% per annum
- Computer equipment - 33% per annum
- Motor vehicles - 25% per annum

Financial assets

The Group classifies its financial assets as loans and receivables, held-to-maturity investments, available-for-sale investments, held for sale and derivative financial instruments (see below). The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are recognised at cost, being the fair value of the consideration together with any associated issue costs.

Held-to-maturity investments are non-derivative financial assets with fixed or determined payments and fixed maturities that the Group's management has positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently carried at amortised cost. If the Group were to sell a significant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

Available-for-sale financial assets are categorised according to their nature into one of two categories:

i. Fixed deposits held at fair value and classified between current and non-current assets according to maturity date. Impairment charges on available-for-sale investments are recognised in the income statement; and
ii. Other investments, which include securities and other investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value with gains and losses arising from changes in the fair value recognised directly in equity until the financial asset is derecognised or impaired.

Assets are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Interest on deposits and interest-bearing investments is credited to the income statement as it is earned using the effective interest rate method.

Insurance broking assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as an asset of the Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client. In certain circumstances, the Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the balance sheet as part of trade receivables.

Fiduciary cash arising from insurance broking transactions is included within cash and cash equivalents.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment provision. An impairment provision is created when there is evidence that the Group will not be able to collect all amounts due. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating costs. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other operating costs in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, current account balances, bank deposits and other short-term liquid investments with maturity dates of ninety (90) days or less at the date of purchase. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables

Trade payables are initially recognised at fair value, which usually represents their cost, and subsequently measured at amortised cost.

Borrowings

Borrowings are initially recognised at fair value, which usually represents their cost, less the transaction costs that are directly attributable to the issue of the financial liability. Borrowings are subsequently stated at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments to manage exposure to foreign exchange risks and interest rates.

Derivative financial instruments include foreign exchange derivatives, interest rate derivatives and forward foreign exchange contracts that derive their value mainly from underlying interest rates and foreign exchange rates. Derivatives are initially recognised at fair value, which usually represents their cost, on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the hedged item.

The Group designates certain derivatives as hedges of a particular risk associated with a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and their hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 14. Movements on the hedging reserve are shown in the consolidated statement of comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income (hedge reserves). The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'finance income/finance costs'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in the income statement within 'fees and commissions'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'finance income/finance costs'.

Derivative financial instruments and hedging activities (continued)

Embedded derivatives are separated and measured at fair value if they are not considered as closely related to the host insurance contract. Fair value reflects own credit risk to the extent the embedded derivative is not fully collateralised.

Put options are initially recognised at fair value and are subsequently re-measured at their fair value through the income statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments designated at fair value through the income statement

Trade investments are initially recognised at fair value, which represents cost and is subsequently re-measured at their fair value with any movements taken to the income statement.

Pension obligations

The Group operates defined benefit pension schemes. The pension liability recognised in the balance sheet is the present value of the scheme's liabilities less the fair value of the schemes' assets.

The pension cost for the scheme is analysed between current service cost, past service cost and net return on pension scheme. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits, are recognised in the income statement on a straight-line basis over the period in which the increase in benefits vest.

Net expected return on the pension asset comprises the expected return on the pension scheme assets less interest on scheme liabilities.

The actuarial gains and losses which arise from a valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are taken to the consolidated statement of comprehensive income for the period. The attributable deferred taxation is shown separately in the consolidated statement of comprehensive income.

The Group also operates defined contribution pension schemes. Contributions made to the schemes in the year are charged to the income statement.

Provisions for liabilities and charges

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividends

Dividends are recognised as a liability in the period in which the dividends are approved by the shareholders.

Financial and capital risk management

The Group's exposure to financial risks and its financial and capital management policies are detailed in the Strategic Report on pages 4 to 8.

Critical accounting estimates and judgements

Preparation of the financial statements requires certain estimates and assumptions to be made concerning future events that may affect the reported amounts in the financial statements and accompanying notes. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Consequently, the actual results can differ from these estimates.

Critical accounting estimates and judgements (continued)

Key estimates made by management are as follows:

i. Intangible assets

The contractual customer relationships, trademarks and non-compete agreements acquired are initially recognised at cost, which represents their initial fair value, and are amortised over the estimated useful lives of the assets purchased. Management determines the estimated useful lives and related amortisation charges at acquisition. The estimated useful lives are reviewed annually and the amortisation charge is revised where useful lives are subsequently found to be different to those previously estimated. The largest element of the intangible balance is the contractual customer lists. See the other intangible assets accounting policy (page 22) for the useful economic lives.

ii. Goodwill

The Group tests goodwill annually for impairment in accordance with the accounting policy for "Impairment of assets" described above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are based on management assumptions and required the use of estimates (note 9). This determination requires significant judgement. In making this judgement, the Group evaluates the duration and extent to which fair value of an investment is less than its cost and the financial health of and near term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flows. Refer to note 9 for further information on these assumptions.

iii. Taxation

The Group is subject to income taxes in the various jurisdictions in which it operates. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group calculates the deferred tax asset on unutilised tax losses based on future projections of net taxable profits over a five year period from 31 December 2016.

iv. Fair value of financial assets

The fair value of financial assets that are not traded in an active market is determined by reference to recent comparable transactions, when applicable. When no such comparison transactions exist, the financial asset is reviewed annually for impairment in accordance with the accounting policy "Impairment of assets" described above. The Group uses its judgement and makes assumptions that are mainly based on existing market conditions to determine whether the carrying value of the asset should be written down.

v. Pension obligations

Defined benefit pension schemes:

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plans' assets, mortality assumptions and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The expected return on plan assets assumption is determined on a uniform basis, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions.

Critical accounting estimates and judgements (continued)

vi. Errors and omissions liabilities

In the ordinary course of the Group's business it can be subject to claims for errors and omissions made in connection with its broking activities. A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

Standards, amendments to published standards and interpretations effective on or after 1 January 2016

At the date of authorisation of these financial statements, the following Standard and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- The final version of IFRS 9 'Financial Instruments' was issued in July 2014 and is effective for annual periods beginning on or after 1 January 2018. It is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

- IFRS 15 'Revenue from Contracts with Customers' was issued in May 2014 and addresses revenue recognition for customer contracts, with particular focus on aligning revenue recognition with the separate and distinct performance obligation to the customer. IFRS 15 applies to an annual reporting period beginning on or after 1 January 2018. The Group's review of the standard is on-going, but will implement in January 2018. The Group expects to apply IFRS 15 using the modified transitional option. At this time, the Group is not able to conclude or quantify the impact of the new standard on revenues, but it is likely that further elements of revenue will be deferred. The standard also requires costs to be aligned with revenue recognition wherever possible and this is also being reviewed.

1. Segment analysis

The Group has a single group of related services being the supply of insurance and reinsurance intermediary services. Segment information is provided on the basis of geographic regions, being the basis on which the Group manages its worldwide operations.

Segment EBITDA (before exceptional items and share based payments)
Segment EBITDA (before exceptional items and share based payments) includes the net income or expense derived from trading activities of the segment together with the investment income earned on fiduciary funds. Interest income on the Group's own funds is excluded since the trading activities of the Group's primary segments are not of a financial nature. The interest income on the Group's own funds is included within net finance costs.

EBITDA is defined as operating profit/(loss) before depreciation, amortisation and impairment charges.

Segment assets include:
- Trade receivables
- Fiduciary and non-fiduciary funds

These are the only assets reviewed on a regular basis by the Group's management as they represent the significant assets with exposure to credit risk. All other assets are excluded from segmentation, including goodwill, other intangible assets, property, plant and equipment, derivative financial instruments and deferred taxes.

Segment liabilities include:
- Insurance creditors
- Provisions for liabilities and charges

These are the only liabilities reviewed on a regular basis by the Group's management (in conjunction with the segmental assets) as they represent the significant liabilities with exposure to credit and operational risk. All other liabilities are excluded from segmentation, including borrowings, derivative financial instruments, retirement benefit obligations and deferred taxes.

Other segment items include:
- Capital expenditure

Capital expenditure comprises additions to other intangible assets (computer software and software development costs) and property, plant and equipment.

1. Segment analysis (continued)

Year ended 31 December 2016	North America US$'000	International: United Kingdom US$'000	International: Continental Europe US$'000	International: Latin America US$'000	Australasia US$'000	Head Office US$'000	Un-allocated US$'000	Total US$'000
Commissions and fees	6,866	69,278	17,019	3,829	6,284	-	-	103,276
Investment income	-	302	-	63	32	-	-	397
EBITDA (before exceptional items and share based payments)	1,654	9,414	2,149	(1,779)	(686)	(10,423)	-	329
Depreciation, amortisation and impairment	(1,291)	(2,766)	(9,996)	(46)	(4,886)	(129)	-	(19,114)
Exceptional items	(567)	(12,464)	(211)	(14)	487	(4,496)	-	(17,265)
Share based payments								(977)
Net finance costs								(14,422)
Loss before taxation								(51,449)
Income tax expense								(21)
Loss for the year								(51,470)
Profit for the year from discontinued operations								157,569
Profit for the year after tax and discontinued operations								106,099
Non-controlling interests								(8,901)
Net profit attributable to owners of the Company								97,198
Segment assets	3,837	110,298	34,920	726	8,982	16,661	-	175,424
Unallocated assets^							61,349	61,349
Total assets	3,837	110,298	34,920	726	8,982	16,661	61,349	236,773
Segment liabilities	1,499	83,297	16,415	726	5,063	144	-	107,144
Unallocated liabilities							69,393	69,393
Total liabilities	1,499	83,297	16,415	726	5,063	144	69,393	176,537
Other segment item:								
Capital expenditure	(868)	(293)	(234)	(212)	(72)	(40)	-	(1,719)

^ Being all remaining assets (excluding segmental assets) which relate to the operating segments disclosed above

1. Segment analysis (continued)

Year ended 31 December 2015	North America US$'000	International: United Kingdom US$'000	International: Continental Europe US$'000	International: Latin America US$'000	International: Australasia US$'000	Head Office US$'000	Un-allocated US$'000	Total US$'000
Commissions and fees	5,307	83,906	20,501	4,923	7,455	-	-	122,092
Investment income	-	188	-	56	41	-	-	285
EBITDA (before exceptional items and share based payments)	3,276	12,569	3,110	(1,848)	(1,989)	(9,736)	-	5,382
Depreciation, amortisation and impairment	(75)	(3,716)	(391)	(2,343)	(3,129)	(347)	-	(10,001)
Exceptional items	(210)	-	(884)	-	2,096	(14,150)	-	(13,148)
Share based payments								(5,878)
Net finance costs								(5,549)
Loss before taxation								(29,194)
Income tax expense								(4,239)
Loss for the year								(33,433)
Loss for the year from discontinued operations								(329)
Loss for the year after tax and discontinued operations								(33,762)
Non-controlling interests								(5,506)
Net loss attributable to owners of the Company								(39,268)
Segment assets								342,950
Unallocated assets^								375,124
Total assets	132,321	125,026	43,854	23,389	17,642	718	375,124	718,074
Segment liabilities	107,600	96,594	23,129	10,928	13,364	144	-	251,759
Unallocated liabilities							516,920	516,920
Total liabilities	107,600	96,594	23,129	10,928	13,364	144	516,920	768,679
Other segment item:								
Capital expenditure	(1,323)	(316)	(256)	(454)	(157)	-	-	(2,506)

^ Being all remaining assets (excluding segmental assets) which relate to the operating segments disclosed above

1. Segment analysis (continued)

Supplementary segment analysis
Fees and commissions allocated above are based on the region in which the office is located. The analysis below details the region from which the income is sourced.

Segment non-current assets are allocated based on the country in which they are located or occur and exclude derivative financial instruments and deferred tax assets.

	Year ended 31 December 2016		Year ended 31 December 2015	
	Fees & Commissions US$'000	**Segment non-current assets US$'000**	Fees & Commissions US$'000	Segment non-current assets US$'000
United Kingdom	**7,437**	**34,973**	14,785	43,717
United States of America	**32,960**	**535**	30,092	278,769
Germany	**11,902**	**10,046**	17,945	20,565
Latin America	**10,161**	**2**	11,726	8,198
Rest of the World	**40,816**	**1,715**	47,544	6,964
	103,276	**47,271**	122,092	358,213
Unallocated assets		**3,570**		5,863
Total non-current assets		**50,841**		364,076

2. Operating loss

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Other operating income		
Other income	**1,449**	848
Dividend income from financial assets at fair value through the income statement	**-**	694
Total other operating income	**1,449**	1,542
Depreciation, amortisation and impairment charges		
Amortisation of intangible assets:		
- software and development costs	**341**	495
- books of business	**4,125**	3,639
Depreciation on property, plant and equipment:		
- owned assets	**719**	1,138
- leased assets under finance leases	**8**	-
Impairment charges:		
- goodwill and other intangibles assets	**13,921**	4,729
Total depreciation, amortisation and impairment charges	**19,114**	10,001
Loss/(gain) on disposal of property, plant and equipment and other intangibles	**150**	(5)
Other operating costs		
The following operating costs have been charged in arriving at operating profit:		
Operating lease rentals payable:		
land and buildings	**4,249**	4,597
furniture, equipment and motor vehicles	**259**	326
computer equipment and software	**75**	50
Non-recurring items / exceptional items:		
Global restructuring costs	**17,084**	9,727
Transaction related costs[a]	**181**	3,421
Total exceptional items	**17,265**	13,148

[a] Transaction related costs relate to professional and legal costs incurred in refinancing, acquisitions and capital injection.

3. Investment income

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Interest receivable - fiduciary funds	**397**	285

Interest receivable includes only interest derived from fiduciary funds. Interest receivable from own funds is included in 'Finance income'.

4. Net Finance (costs) / income

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Interest receivable - own funds	**124**	88
Interest expense:		
- bank and other borrowings	**(144)**	(2,687)
- finance lease	**-**	(1)
- unwind of discounting on deferred consideration	**-**	(891)
Pension financing:		
- expected return on post employment scheme assets	**2,414**	2,738
- interest on post employment scheme liabilities	**(2,903)**	(3,247)
Net pension financing costs	**(489)**	(509)
Fair value losses on financial instruments:		
- fair value losses on hedging derivatives after recycling to income statement	**(3,228)**	(779)
	(3,228)	(779)
Foreign exchange differences:		
Foreign exchange (losses) / gains on loans payable	**(11,696)**	3,230
Foreign exchange gains on other monetary items	**1,728**	(3,681)
	(9,968)	(451)
Amortisation of borrowing costs	**(717)**	(319)
Net finance costs	**(14,422)**	(5,549)
Analysed as:		
Finance costs	**(14,546)**	(5,672)
Finance income	**124**	123
Net finance costs	**(14,422)**	(5,549)

5. Employees and directors' information

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
a) Salaries and associated expenses		
Wages and salaries	**16,829**	15,587
Social Security costs	**6,480**	6,888
Pension costs	**3,877**	5,132
Share based payments	**977**	5,878
	28,163	33,485

b) Analysis of employees
The monthly average number of persons, including Executive Directors, employed by the Group during the year:

	2016	2015
By activity:		
Broking and Insurance	**396**	448
Management and administration	**246**	195
	642	643

b) Key management compensation:
The Executive Directors are considered to be key management. In 2016 there were 4 Executive Directors (2015: 5).

	2016 US$'000	2015 US$'000
Salaries, fees and short term employee benefits	**4,068**	3,785
Post employment benefits	**98**	396
Termination, retention and transaction related benefits	**16,266**	2,326
Share based payments	**-**	729
	20,432	7,236
Highest paid Director:		
Total amount of emoluments (including termination, retention and transaction related benefits)	**11,964**	2,660
Share options exercised	**-**	581,356
Defined benefit scheme:		
Accrued pension at end of year	**-**	-

	2016	2015
Number of directors accruing benefits in a defined benefit scheme	**-**	-
Number of directors exercising share options	**-**	3
Number of directors granted share options	**-**	-
Aggregate number of share options exercised by management	**-**	1,062,229

5. Employees and directors' information (continued)

Share based payment schemes
During 2016, US$977,000 (2015: US$6,222,000) was charged to the income statement in respect of share-based payments.

Calculation of fair values
No share options/awards were granted in the year. Fair values of share options/awards, measured at the date of grant of the option/ award, are calculated using the latest valuation at the time of the grant.

All options granted under the share option schemes are conditional upon the employee remaining in the Group's employment during the vesting period of the option.

The weighted average of the fair value was calculated using the Monte Carlo simulation models.

Group Share Option Plan
The Group Share Option Plan was a long-term incentive plan available to certain employees during 2016. The aim of the plan was to align the interest of those certain employees to the creation of shareholder value. Options were granted at market value and are normally exercisable between four years and 7 months, and ten years and 1 month after the date of grant, subject to vesting conditions.

	2016		2015	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at 1 January	**485,731**	**0.26**	1,260,590	0.26
Forfeited	**(190,479)**	**0.26**	(774,859)	0.26
Outstanding at 31 December	**295,252**	**0.26**	485,731	0.26

Group Share Allocation Scheme
The Group Share Allocation Scheme was a long-term incentive plan available to certain former employees during 2016. The aim of the plan was to align the interest of certain employees to the creation of shareholder value. Shares were granted at market value and are normally exercisable at two years and 5 months, subject to vesting conditions.

The scheme remains in place for overseas employees.

	2016		2015	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at 1 January	**433,780**	**0.35**	433,780	0.35
Outstanding at 31 December	**433,780**	**0.35**	433,780	0.35

5. Employees and directors' information (continued)

Joint ownership equity scheme

The joint ownership equity scheme (JOE) was available to certain former employees during 2016. The aim of the plan was to align the interest of those employees to the creation of shareholder value. Some shares granted under the JOE scheme are subject to performance conditions and some are not. Shares were granted at market value and are normally exercisable at four years (performance conditions) and five years (no performance conditions), subject to vesting conditions.

	2016 No performance conditions		2015 No performance conditions	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at 1 January	**2,605,441**	**0.46**	2,605,441	0.46
Outstanding at 31 December	**2,605,441**	**0.46**	2,605,441	0.46

	2016 Performance conditions		2015 Performance conditions	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at 1 January	**10,869,154**	**0.46**	10,869,154	0.46
Outstanding at 31 December	**10,869,154**	**0.46**	10,869,154	0.46

Long term incentive plan

The long term incentive plans (LTIPs) were available to certain employees during 2015. The aim of the plans was to align the interest of certain employees to the creation of shareholder value. Shares were granted at market value and are normally exercisable at three years and 1 month from grant. These are subject to vesting conditions associated with the Group's performance over defined 3 year periods ending 2015 and 2014.

Year Ended 31 December 2016	**LTIP 2012**		**LTIP 2011**	
	Number	**Weighted average exercise price £**	**Number**	**Weighted average exercise price £**
Outstanding at 1 January	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	-	-	-	-
Outstanding at 31 December	-	-	-	-

5. Employees and directors' information (continued)

Long term incentive plan (continued)

Year Ended 31 December 2015	LTIP 2012		LTIP 2011	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at 1 January	1,072,211	-	1,025,409	-
Forfeited	(93,411)	-	-	-
Exercised	(518,763)	-	(543,466)	-
Lapsed	(460,037)	-	(481,943)	-
Outstanding at 31 December	-	-	-	-

2013 employee incentive scheme

The 2013 Employee Incentive Scheme (EIS) was available to certain employees during 2015 and 2016. The aim of the plan was to align the interest of certain employees to the creation of shareholder value. Some shares granted under the EIS scheme are subject to performance conditions and some are not. Shares were granted at an exercise price of $1.75 and are normally exercisable in equal tranches over four years (no performance conditions) and in four years (market performance conditions), subject to vesting conditions

2013 - Plan 1
No performance conditions

	2016		2015	
	Number	**Weighted average exercise price $**	Number	Weighted average exercise price $
Outstanding at 1 January	**3,801,898**	**1.75**	8,412,996	1.75
Forfeited	**-**	**1.75**	(4,611,098)	1.75
Cancelled	**(3,801,898)**	**1.75**	-	1.75
Outstanding at 31 December	**-**	**1.75**	3,801,898	1.75

2013 - Plan 2
Market performance conditions

	2016		2015	
	Number	**Weighted average exercise price $**	Number	Weighted average exercise price $
Outstanding at 1 January	**3,801,921**	**1.75**	8,413,020	1.75
Forfeited	**-**	**1.75**	(4,611,099)	1.75
Cancelled	**(3,801,921)**	**1.75**	-	1.75
Outstanding at 31 December	**-**	**1.75**	3,801,921	1.75

5. Employees and directors' information (continued)

2005 Equity Incentive Plan of HMSC Holdings Corp. ("HMSC")

The 2005 Equity Incentive Plan ("the Plan") was established to attract and retain employees by incentivising and rewarding performance. The options vest equally over a five year period from the date of grant.

	2016		2015	
	Number	**Weighted average exercise price $**	Number	Weighted average exercise price $
Outstanding at 1 January	**1,496,151**	**1.23**	1,655,937	1.23
Forfeited	**-**	**1.23**	(159,786)	1.23
Cancelled	**(1,496,151)**	**1.23**	-	1.23
Outstanding at 31 December	**-**	**1.23**	1,496,151	1.23

The Swett & Crawford Group Inc (S&C) Equity Incentive Plan

The S&C Equity Incentive Plan ("the Plan") was established to attract and retain employees by incentivising and rewarding performance. The Restricted Stock Units (RSU's) vest equally over a five year period from the date of grant.

	2016		2015	
	Number	**Weighted average exercise price $**	Number	Weighted average exercise price $
Outstanding at 1 January	**6,278,742**	**-**	6,278,742	-
Exercised	**(83,334)**	**-**	-	-
Outstanding at 31 December	**6,195,408**	**-**	6,278,742	-

NMB Long Term Incentive Plan

Upon the acquisition of NMB Holdings (1987) Limited, awards were made to certain employees of the expanded group in the form of a long term incentive plan. Under the terms of the awards, Ed would issue shares between the value of £0m and £10m where certain revenue targets for the acquired business are met in a 12 or 24 month period from the date of acquisition. The terms of the awards were modified in 2014, the issuance of shares is no longer attached to performance conditions, and instead Ed issued 7m Ed shares to eligible employees who are still employed at 31 October 2015 for employees and 8 February 2016 for members.

	2016		2015	
	Number	**Weighted average exercise price $**	Number	Weighted average exercise price $
Outstanding at 1 January	**4,301,773**	**-**	6,926,761	-
Forfeited	**(432,008)**	**-**	(318,512)	-
Exercised	**(3,759,544)**	**-**	(2,306,476)	-
Lapsed	**(110,221)**	**-**	-	-
Outstanding at 31 December	**-**	**-**	4,301,773	-

The fair value of the awards granted in the year was US$nil (2015: US$nil).

6. Services provided by the Group's auditor and network firms

During the year, the Group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates:

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Fees payable to company's auditor for the audit of parent company and consolidated financial statements	**330**	235
Fees payable to the Group's auditor and its associates for other services:		
The audit of the company's subsidiaries, pursuant to legislation	**447**	607
Other services	**122**	112
	899	954

7. Income Tax Expense

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Current tax expense:		
United Kingdom:		
Corporation tax on profits for the year	**1**	6
Under provided in prior years	**-**	-
	1	6
Foreign tax:		
Current tax on income for the year	**1,717**	2,139
Over provided in prior years	**(5)**	(32)
	1,712	2,107
Total current tax	**1,713**	2,113
Deferred tax expense:		
Origination and reversal of temporary differences	**(1,692)**	293
Changes in tax rates or tax laws	**-**	107
Impact of tax losses recognised	**-**	-
Prior year adjustments	**-**	1,726
Total deferred tax charge	**(1,692)**	2,126
Total income tax expense	**21**	4,239

7. Income Tax Expense (continued)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Loss before tax:	**(51,449)**	(29,194)
Tax calculated at UK Corporation Tax of 20.00% (2015: 20.25%)	**(10,290)**	(5,912)
(Non-taxable income/gains) and non-deductible expenses	**1,934**	5,235
Impact of UK tax rate change	**-**	107
Amortisation of fair value adjustment to debt	**-**	-
Adjustments to tax charge in respect of prior periods	**(5)**	1,694
Effect of UK and non-UK tax rate differences	**619**	290
Unrecognised deferred tax adjustments*	**7,763**	2,825
Total income tax expense	**21**	4,239

**Comprising deferred tax asset on tax losses unrecognised.*

The standard rate of Corporation tax is 20.00%. Accordingly, the Group's losses for this accounting period are taxed at an effective rate of 20.00% (2015: 20.25%).

A 17% rate has been used in the calculation of the UK's deferred tax assets and liabilities as at 31 December 2016 (2015: 18%).

8. Dividends

No dividends were paid or declared during the year (2015: US$nil) by the Company. Dividends were paid by subsidiaries to non-controlling interests (see note 23).

9. Goodwill

	Gross Amount US$'000	**Impairment Losses US$'000**	**Net carrying Amount US$'000**
As at 31 December 2016			
Opening net book amount	**291,103**	**(4,752)**	**286,351**
Exchange differences	**(5,912)**	**35**	**(5,877)**
Disposals of entities (note 25)	**(230,230)**	**23**	**(230,207)**
Entities reclassified as held for sale (note 25)	**(4,246)**	**1,865**	**(2,381)**
Impairment	**-**	**(13,213)**	**(13,213)**
Closing net book amount	**50,715**	**(16,042)**	**34,673**
As at 31 December 2015			
Opening net book amount	291,575	(23)	291,552
Exchange differences	(5,274)	-	(5,274)
Acquisitions	4,802	-	4,802
Impairment	-	(4,729)	(4,729)
Closing net book amount	291,103	(4,752)	286,351

9. Goodwill (continued)

Impairment tests for goodwill
Goodwill is allocated to the Group's cash generating units (CGUs) identified according to country of operation.

At 31 December 2016, before impairment testing, goodwill of $17,108,000 was allocated to the Continental Europe CGU, relating wholly to the German acquisition. This CGU was impaired mainly due to reduced profitability driven by lower premium rates in the German marine industry.

Also at 31 December 2016, before impairment testing, goodwill of $3,550,000 was allocated to the Australasian CGU, relating wholly to the acquisition of Epsilon Insurance Broking Services Pty Ltd, an Australian subsidiary. This CGU was impaired mainly due to reduced profitability driven by client losses.

The CGUs have therefore been reduced to their recoverable amounts. A summary of the impairments and revised carrying values are shown below by the Group's CGUs:

Geographical region	**Impairment US$'000**	**Revised Carrying Value US$'000**
Continental Europe	**9,663**	**7,445**
Australasia	**3,550**	-

A summary of the goodwill allocation is presented below:

Geographical region	**Total**	
	2016 US$'000	2015 US$'000
North America	-	226,974
UK	**27,024**	32,304
Continental Europe	**7,649**	17,866
Latin America	-	5,613
Australasia	-	3,594
As at 31 December	**34,673**	286,351

Goodwill is tested for impairment by comparing the carrying value of the CGU to which the goodwill relates to the recoverable value of that CGU. The recoverable amount is the value in use of the CGU unless otherwise stated. These calculations use cash flow projections based on financial budgets approved by management covering a 1 year period. Cash flows beyond the 1 year period are extrapolated using the estimated growth rates stated below:

Key assumptions used for value-in-use calculations are as follows:

At 31 December	**2016**				2015			
	Growth Rate %		**Discount Rate %**		Growth Rate %		Discount Rate %	
	2-5 year period	**Long term**	**2-5 year period**	**Long term**	2-3 year period	Long term	2-3 year period	Long term
Geographical region:								
United Kingdom	**2.0**	**2.0**	**16.8**	**16.8**	2.0	2.0	11.5	11.5
Europe								
France	**5.0**	**2.0**	**16.8**	**16.8**	5.0	2.0	12.0	12.0
Germany	**11.0**	**1.0**	**16.8**	**16.8**	1.0	1.0	12.0	12.0
Australasia	-	-	-	-	2.0	2.0	12.0	12.0

The key assumptions used in value-in-use calculations were:
The budgeted trading profit growth: management determines budgeted trading profit based on past experience and its expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant geographical region and country of operation.

There is sufficient headroom with a 0% growth rate in the following CGUs: United Kingdom and Europe where the recoverable amount calculated based on the value in use exceeded carrying value by US$8m and US$4m respectively.

10. Other intangible assets

	Contractual customer relationships *acquired* [1] US$'000	Computer *software* US$'000	Software development *costs* US$'000	*Total* US$'000
At 31 December 2016				
Opening net book amount	**49,824**	**1,498**	**2,915**	**54,237**
Exchange differences	**(1,272)**	**(4)**	**(76)**	**(1,352)**
Additions	**-**	**72**	**135**	**207**
Disposals	**(990)**	**(291)**	**(15)**	**(1,296)**
Companies held for sale (note 25)	**(1,957)**	**(4)**	**-**	**(1,961)**
Companies disposed of (note 25)	**(33,583)**	**(879)**	**(641)**	**(35,103)**
Amortisation charge	**(6,168)**	**(246)**	**(177)**	**(6,591)**
Impairment	**(708)**	**-**	**-**	**(708)**
Closing net book amount	**5,146**	**146**	**2,141**	**7,433**
At 31 December 2016				
Cost	**28,315**	**1,823**	**8,019**	**38,157**
Accumulated amortisation and impairment	**(23,169)**	**(1,677)**	**(5,878)**	**(30,724)**
Closing net book amount	**5,146**	**146**	**2,141**	**7,433**
At 31 December 2015				
Opening net book amount	62,989	1,695	3,289	67,973
Exchange differences	(938)	(68)	(266)	(1,272)
Additions	229	432	148	809
Companies acquired	4,200	-	-	4,200
Companies disposed of	-	-	(70)	(70)
Amortisation charge	(16,656)	(561)	(186)	(17,403)
Closing net book amount	49,824	1,498	2,915	54,237
At 31 December 2015				
Cost	142,549	7,558	8,746	158,853
Accumulated amortisation and impairment	(92,725)	(6,060)	(5,831)	(104,616)
Closing net book amount	49,824	1,498	2,915	54,237

(1) includes trademarks, contractual customer relationships and non-compete arrangements.

11. Property, plant and equipment

	Leasehold Improvements US$'000	Computer Equipment US$'000	Furniture Equipment & other US$'000	Motor vehicles US$'000	Total US$'000
At 31 December 2016					
Opening net book amount	**6,012**	**812**	**3,917**	**360**	**11,101**
Exchange differences	**(11)**	**(39)**	**(23)**	**(27)**	**(100)**
Additions	**150**	**343**	**810**	**209**	**1,512**
Companies held for sale (note 25)	**(133)**	**(13)**	**(77)**	**-**	**(223)**
Companies disposed of (note 25)	**(5,117)**	**(43)**	**(3,807)**	**(324)**	**(9,291)**
Disposals	**(254)**	**(10)**	**(36)**	**(65)**	**(365)**
Charge for year	**(516)**	**(514)**	**(398)**	**(93)**	**(1,521)**
Closing net book amount	**131**	**536**	**386**	**60**	**1,113**
At 31 December 2016					
Cost	**4,597**	**3,237**	**2,689**	**76**	**10,599**
Accumulated depreciation	**(4,466)**	**(2,701)**	**(2,303)**	**(16)**	**(9,486)**
Closing net book amount	**131**	**536**	**386**	**60**	**1,113**
At 31 December 2015					
Opening net book amount	7,181	1,315	5,056	400	13,952
Exchange differences	(69)	(93)	(116)	(47)	(325)
Additions	716	756	211	243	1,926
Companies acquired	88	3	14	-	105
Companies disposed of	(26)	(41)	(14)	-	(81)
Disposals	(2)	(163)	(13)	(89)	(267)
Charge for year	(1,876)	(965)	(1,221)	(147)	(4,209)
Closing net book amount	6,012	812	3,917	360	11,101
At 31 December 2015					
Cost	16,821	6,919	13,196	711	37,647
Accumulated depreciation	(10,809)	(6,107)	(9,279)	(351)	(26,546)
Closing net book amount	6,012	812	3,917	360	11,101

The net book value of property, plant and equipment held under finance leases was US$nil at 31 December 2016 (2015: US$54,000).

Property, plant and equipment's carrying value approximates its fair value.

12. Trade investments

	2016 US$'000	2015 US$'000
Trading investments carried at fair value		
Shares	**150**	1,756
	150	1,756

The shares included above represent investment in unlisted equity securities with opportunity for return through trading gains.

13. Available-for-sale financial assets

Available-for-sale financial assets are categorised according to their nature into one of two categories:

I. Investments and deposits, which consist mainly of fixed deposits - these investments are held at fair value and are classified between current and non-current assets according to maturity date.
II. Other investments - these investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

	Other Investments US$'000	Investments & Deposits US$'000	Total US$'000
At 31 December 2016	**-**	**-**	**-**
At 31 December 2015	-	2,610	2,610

Analysis of available-for-sale financial assets:

	Non-current US$'000	Current US$'000	Total US$'000
At 31 December 2016	**-**	**-**	**-**
At 31 December 2015	2,610	-	2,610

Most of the available-for-sale financial assets are not assessed by external credit rating agencies. Historically, the counterparty default rate has been low.

14. Derivative financial instruments

	2016		2015	
	Assets US$'000	**Liabilities US$'000**	Assets US$'000	Liabilities US$'000
Interest rate derivatives	**-**	**-**	2,289	2,022
Forward foreign exchange contracts – Cash flow hedge	**-**	**9,191**	274	2,316
Forward foreign exchange contracts	**3**	**-**	1	53
Put option	**-**	**-**	-	978
	3	**9,191**	2,564	5,369
Current	**3**	**6,017**	275	2,677
Non-current	**-**	**3,174**	2,289	2,692
	3	**9,191**	2,564	5,369

14. Derivative financial instruments (continued)

The credit quality of derivative assets can be assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates:

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
AA	**-**	233
A	**3**	2,331
	3	2,564

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis, into relevant maturity grouping based upon the remaining period at the balance sheet date to contractual maturity. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year US$'000	**Between 1 and 2 years US$'000**	**Between 2 and 5 years US$'000**	**Total US$'000**
31 December 2016				
Forward foreign exchange contracts				
Outflows	**(35,908)**	**(17,155)**	**(8,076)**	**(61,139)**
Inflows	**29,754**	**14,406**	**7,233**	**51,393**

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Total US$'000
31 December 2015				
Interest rate derivatives				
Outflows	-	(764)	(484)	(1,248)
Inflows	-	744	478	1,222
Forward foreign exchange contracts				
Outflows	(85,024)	(14,240)	-	(99,264)
Inflows	83,569	13,542	-	97,111
Put option (outflow)	(978)	-	-	(978)

The Group's treasury policies are approved by the Board. The policies and procedures in place establish specific guidelines to manage currency risk, liquidity risk and interest rate risk and the use of counterparties and financial instruments to manage these.

The Group uses various derivative instruments including forward foreign exchange contracts, interest rate contracts and foreign currency derivatives to manage the risks arising from variations in currency and interest earnings that arise from movements in exchange and interest rates. Derivative instruments purchased are primarily dominated in the currencies of the Group's main markets.

Transactions maturing within 12 months of the balance sheet date are classified in current maturities. Transactions maturing in a period in excess of 12 months of the balance sheet date are classified as non-current maturities.

14. Derivative financial instruments (continued)

a) Forward Foreign Exchange Contracts

The Group's major currency transaction exposures arise in Sterling and Euros and the Group continues to adopt a prudent approach in actively managing this exposure. As at 31 December 2016 the Group had outstanding foreign exchange contracts (US Dollars, British Pounds and Euros) amounting to a principal value of US$61.1m (2015: US$99.3m).

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 48 months. Gains and losses recognised in the hedging reserve in equity (refer to consolidated statement of changes in equity) on forward foreign exchange contracts as of 31 December 2016 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

b) Interest Rate Derivatives

The Group periodically uses interest rate hedges to mitigate the impact of interest rate changes on interest income and expense. The notional principal amounts of outstanding interest rate derivative contracts as at 31 December 2016 was US$nil (2015: US$400m). The only derivative outstanding at 31 December 2015 was a premium paid interest rate cap, notional of US$400m, with a strike of 1.25% which was due to mature in March 2018. This transaction represents an offset to embedded written derivatives included within the US$425m term debt. As a result of the early debt repayment in 2016 the derivative was settled in April 2016. Any changes in the fair value of the actual and embedded derivatives are reflected within fair value gains/loss on financial instruments in the net finance costs note (note 4).

c) Foreign currency derivatives

The Group uses foreign currency derivatives to hedge currency exposures arising in Sterling and Euros and the Group continues to adopt a prudent approach in actively managing this exposure.

d) Put option

A put option existed which required Newman Buchan and Martin (1987) Limited, a subsidiary, to acquire capital interests of NMB Holdings LLP from the partners.

e) Price risk

The Group does not have a material exposure to commodity price risk.

15. Trade and other receivables

	2016 US$'000	2015 US$'000
Trade receivables	**32,844**	68,481
Less: impairment provision	**(1,324)**	(4,908)
Trade receivables - net	**31,520**	63,573
Other receivables	**7,446**	9,051
Prepayments	**5,681**	8,788
	44,647	81,412
Analysed as:		
Current	**40,745**	79,254
Non-current	**3,902**	2,158
	44,647	81,412

15. Trade and other receivables (continued)

As at 31 December 2016, the Group had exposures to individual trade counterparties within trade receivables. In accordance with Group policy, Group operating companies continually monitor exposures against individual clients. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties with exception of those where a provision has already been established.

The trade and other receivables carrying amount approximates its fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

Movements on the Group provision for impairment of trade receivables are as follows:

	2016 US$'000	2015 US$'000
At 1 January	**(4,908)**	(5,062)
Currency translation adjustments	**263**	262
Provisions relating to entities disposed of	**2,556**	-
Provisions made for receivables impairment	**(304)**	(970)
Receivables written off during the year as uncollectible	**161**	243
Provisions released	**908**	619
At 31 December	**(1,324)**	(4,908)

	Trade receivables US$'000	**Impairment provision US$'000**	**Net trade receivables US$'000**
At 31 December 2016			
Not overdue	**10,051**	**-**	**10,051**
Past due not more than three months	**11,205**	**-**	**11,205**
Past due more than three months and not more than six months	**5,671**	**(16)**	**5,655**
Past due more than six months	**5,917**	**(1,308)**	**4,609**
	32,844	**(1,324)**	**31,520**
At 31 December 2015			
Not overdue	53,646	(1,215)	52,431
Past due not more than three months	7,149	(60)	7,089
Past due more than three months and not more than six months	2,813	(582)	2,231
Past due more than six months	4,873	(3,051)	1,822
	68,481	(4,908)	63,573

16. Cash and cash equivalents

	2016 US$'000	2015 US$'000
Cash at bank and in hand	**142,580**	273,089
Short term deposits	**-**	1,380
	142,580	274,469
Fiduciary	**106,270**	245,662
Own funds	**36,310**	28,807
	142,580	274,469

The cash and cash equivalents carrying amount approximates its fair value.

Restrictions
Own funds of US$4,675,000 held in the UK, Asia and Australia are restricted and arise primarily from compliance with regulatory requirements to hold minimum levels of liquidity within insurance broking subsidiaries.

17. Trade and other payables

	2016 US$'000	2015 US$'000
Insurance creditors	**105,940**	241,973
Social security and other taxes	**1,487**	2,181
Accruals and deferred income	**30,193**	56,451
Other payables	**7,383**	20,590
	145,003	321,195
Analysed as:		
Current	**141,902**	317,388
Non-current	**3,101**	3,807
	145,003	321,195

The trade and other payables carrying amount approximates its fair value.

18. Financial Instruments by category

The accounting policies for financial instruments have been applied to the line items below:

At 31 December 2016 **Assets per balance sheet**	**Loans and receivables** **US$'000**	**Financial assets at fair value through the income statement** **US$'000**	**Financial assets at fair value through equity** **US$'000**	**Available-for-sale** **US$'000**	**Total** **US$'000**
Trade investments	-	150	-	-	150
Derivative financial instruments	-	3	-	-	3
Trade and other receivables	44,647	-	-	-	44,647
Held for sale	-	2,000	-	-	2,000
Cash and cash equivalents	142,580	-	-	-	142,580
	187,227	2,153	-	-	189,380

At 31 December 2016 **Liabilities per balance sheet**	**Financial liabilities at fair value through the income statement** **US$'000**	**Financial liabilities at fair value through equity** **US$'000**	**Financial liabilities at cost/ amortised cost** **US$'000**	**Total** **US$'000**
Trade and other payables	-	-	145,003	145,003
Derivative financial instruments	-	9,191	-	9,191
	-	9,191	145,003	154,194

At 31 December 2015 Assets per balance sheet	Loans and receivables US$'000	Financial assets at fair value through the income statement US$'000	Financial assets at fair value through equity US$'000	Available-for-sale US$'000	Total US$'000
Available-for sale financial assets	-	-	-	2,610	2,610
Trade investments	-	1,756	-	-	1,756
Derivative financial instruments	-	2,290	274	-	2,564
Trade and other receivables	81,412	-	-	-	81,412
Cash and cash equivalents	274,469	-	-	-	274,469
	355,881	4,046	274	2,610	362,811

At 31 December 2015 Liabilities per balance sheet	Financial liabilities at fair value through the income statement US$'000	Financial liabilities at fair value through equity US$'000	Financial liabilities at cost/ amortised cost US$'000	Total US$'000
Borrowings	-	-	407,654	407,654
Finance lease liabilities	-	-	44	44
Trade and other payables	-	-	321,195	321,195
Derivative financial instruments	3,053	2,316	-	5,369
	3,053	2,316	728,893	734,262

18. Financial Instruments by category (continued)

Fair Value Estimation

1. Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets traded on liquid markets are determined with reference to quoted market prices (includes listed equity securities within 'other investments' classified as 'Available-for-Sale'). The fair values of other financial assets and liabilities (excluding derivative instruments) are derived by assessing the discounted cash flow expected to be derived including an impairment provision, where necessary (includes 'Investments and Deposits' classified as 'Available-for-Sale').

The fair values of derivative financial instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. Foreign currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves from quoted interest rates.

2. Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market used for financial assets held by the group is the current mid-price. These instruments are included in Level 1. This category includes investments, deposits and listed equity securities classified as available-for-sale and measured at fair value.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value is derived using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

18. Financial Instruments by category (continued)

This category includes certain unlisted equity securities and derivative financial instruments. Specific valuation techniques used to value these financial instruments include:

- Quoted market prices or dealer quotes for similar financial instruments
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value

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).

	31 December 2016				31 December 2015			
	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at fair value through income statement								
Derivative financial assets	-	**3**	-	**3**	-	2,290	-	2,290
Trade investments	**150**	-	-	**150**	1,756	-	-	1,756
Financial assets at fair value through equity								
Derivatives used for hedging	-	-	-	-	-	274	-	274
Available-for-sale financial assets								
Investment and deposits	-	-	-	-	1,059	1,551	-	2,610
Financial liabilities at fair value through income statement								
Derivative financial liabilities	-	-	-	-	-	(2,075)	(978)	(3,053)
Financial liabilities at fair value through equity								
Derivatives used for hedging	-	**(9,191)**	-	**(9,191)**	-	(2,316)	-	(2,316)

There were no transfers between Level 1 and 2 in the period (2015: nil).

18. Financial Instruments by category (continued)

The following table presents changes in Level 3 instruments for the year ended 31 December 2016.

31 December 2016	***Derivatives at* fair value through the income statement US$'000**	**Trade *Investments at* fair value through the income statement US$'000**	**Total US$'000**
Opening balance	**(978)**	-	**(978)**
Exchange differences	**86**	-	**86**
Gains and losses recognised in the profit or loss	**892**	-	**892**
Closing balance	-	-	-
Total gains and losses for the period included in profit and loss for liabilities held at the reporting period under 'unwind of discounting on deferred contingent consideration'	**892**	-	**892**
Change in unrealised gains or losses for the period included in the liabilities held at the reporting period	**978**	-	**978**

31 December 2015	Derivatives at fair value through the income statement US$'000	Trade Investments at fair value through the income statement US$'000	Total US$'000
Opening balance	(981)	-	(981)
Exchange differences	55	-	55
Gains and losses recognised in the profit or loss	(52)	-	(52)
Closing balance	(978)	-	(978)
Total gains and losses for the period included in profit and loss for liabilities held at the reporting period under 'unwind of discounting on deferred contingent consideration'	(52)	-	(52)
Change in unrealised gains or losses for the period included in the liabilities held at the reporting period	3	-	3

The fair value measurement would be sensitive to the change in the discount rate. The expectation is that there will be no change to the discount rate in the future.

18. Financial Instruments by category (continued)

Offsetting financial assets and liabilities

a) Financial assets

The following are subject to offsetting, enforceable master netting arrangement and similar arrangements.

At 31 December 2016	**Gross amounts of recognised financial assets US$'000**	**Gross amounts of recognised financial liabilities set off in the balance sheet US$'000**	**Net amounts of financial assets presented in the balance sheet US$'000**	**Related amounts not offset in balance sheet (Financial instruments) US$'000**	**Net US$'000**
Assets per balance sheet:					
Cash and cash equivalents	-	-	-	-	-
	-	-	-	-	-

At 31 December 2015	Gross amounts of recognised financial assets US$'000	Gross amounts of recognised financial liabilities set off in the balance sheet US$'000	Net amounts of financial assets presented in the balance sheet US$'000	Related amounts not offset in balance sheet (Financial instruments) US$'000	Net US$'000
Assets per balance sheet:					
Cash and cash equivalents	274,873	(404)	274,469	-	274,469
	274,873	(404)	274,469	-	274,469

b) Financial liabilities

The following are subject to offsetting, enforceable master netting arrangement and similar arrangements.

At 31 December 2016	**Gross amounts of recognised financial liabilities US$'000**	**Gross amounts of recognised financial assets set off in the balance sheet US$'000**	**Net amounts of financial assets presented in the balance sheet US$'000**	**Related amounts not offset in balance sheet (Financial instruments) US$'000**	**Net US$'000**
Liabilities per balance sheet:					
Loan notes	-	-	-	-	-
Deferred contingent consideration	-	-	-	-	-
Other payables	-	-	-	-	-
	-	-	-	-	-

At 31 December 2015	Gross amounts of recognised financial liabilities US$'000	Gross amounts of recognised financial assets set off in the balance sheet US$'000	Net amounts of financial assets presented in the balance sheet US$'000	Related amounts not offset in balance sheet (Financial instruments) US$'000	Net US$'000
Liabilities per balance sheet:					
Loan notes	404	(404)	-	-	-
Deferred contingent consideration	6,957	-	6,957	-	6,957
Other payables	20,590	-	20,590	-	20,590
	27,951	(404)	27,547	-	27,547

19. Borrowings

	2016 US$'000	2015 US$'000
Current		
Bank overdraft	-	360
Bank borrowings	-	3,050
Finance leases liabilities	-	14
	-	3,424
Non-current		
Bank borrowings	-	404,244
Finance leases liabilities	-	30
	-	404,274
Total borrowings	-	407,698

The bank borrowings are denominated in US$.

The bank borrowings within this note are stated gross of issue costs, which have been capitalised and will be written off over the economic life of the loans.

The exposure of the borrowings of the Group to interest rate changes and periods in which the borrowings reprice are as follows:

	Less than 1 year US$'000	1-5 years US$'000	Over 5 years US$'000	Fixed rate US$'000	Total US$'000
Total borrowings at 31 December 2016	-	-	-	-	-
Total borrowings at 31 December 2015	407,684	14	-	-	407,698

The effective interest rates at the balance sheet dates were as follows:

	2016 %	2015 %
Bank borrowings	-	7.10

Maturity of borrowings (excluding finance leases)
Contractual undiscounted cash flow for borrowings including interest payments (excluding finance leases):

	2016 US$'000	2015 US$'000
Less than 1 year	-	28,105
Between 1 and 2 years	-	27,950
Between 2 and 3 years	-	27,795
Between 3 and 4 years	-	27,708
Between 4 and 5 years	-	416,314
Over 5 years	-	-
	-	527,872

19. Borrowings (continued)

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying value		Fair value	
31 December	**2016**	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000
Bank borrowings	-	404,244	-	393,910
Finance lease liabilities	-	30	-	30
	-	404,274	-	393,940

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.8% and are within Level 2 of the fair value hierarchy.

The Group has undrawn committed borrowing facilities:

	2016	2015
	US$'000	US$'000
Floating rate		
- expiring beyond one year	-	75,000

The borrowings in 2015 were secured by the assets of the Group and all US based subsidiaries, in addition to share pledges over all material, directly and indirectly wholly owned subsidiaries comprising the majority of consolidated group revenue. The debt was repaid in full in April 2016 and the Group has no debt facility as at 31 December 2016. The cost of term drawings in 2015 was 375 and 700 basis points, for each respective debt tranche, above the higher of 125 basis points and the relevant LIBOR. The 2015 borrowings contained customary affirmative and negative covenants but did not require formal maintenance covenants unless the undrawn committed facilities were drawn beyond $15m.

Finance lease liabilities
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2016	2015
	US$'000	US$'000
Gross finance lease liabilities – minimum lease payments:		
No later than 1 year	-	15
1 - 5 years	-	31
Over 5 years	-	-
	-	46
Future finance charges on finance lease liabilities	-	(2)
Present value of finance lease liabilities	-	44

The present value of finance lease liabilities is as follows:

	2016	2015
	US$'000	US$'000
No later than 1 year	-	30
1 - 5 years	-	14
Over 5 years	-	-
	-	44

20. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

	31 December 2016			31 December 2015		
	Assets US$'000	**Liabilities US$'000**	**Net US$'000**	Assets US$'000	Liabilities US$'000	Net US$'000
Accelerated tax depreciation	**42**	**-**	**42**	91	-	91
Provisions	**-**	**-**	**-**	303	-	303
Deferred income	**-**	**(722)**	**(722)**	-	(2,962)	(2,962)
Pensions	**3,528**	**-**	**3,528**	3,180	-	3,180
Tax assets / (liabilities)	**3,570**	**(722)**	**2,848**	3,574	(2,962)	612
Set off tax	**-**	**-**	**-**	-	-	-
Net tax assets / (liabilities)	**3,570**	**(722)**	**2,848**	3,574	(2,962)	612

	At 1 January 2016 US$'000	**Exchange differences US$'000**	**Charge/ (credit) to income US$'000**	**Charge/ (credit) to equity US$'000**	**Disposal of subsidiary (note 25) US$'000**	**Held for sale (note 25) US$'000**	**At 31 December 2016 US$'000**
Accelerated tax depreciation	**(91)**	**(2)**	**51**	**-**	**-**	**-**	**(42)**
Provisions	**(303)**	**-**	**-**	**-**	**303**	**-**	**-**
Deferred income	**2,962**	**(147)**	**(1,516)**	**-**	**(661)**	**84**	**722**
Pensions	**(3,180)**	**303**	**(227)**	**(424)**	**-**	**-**	**(3,528)**
Net tax (assets) / liabilities	**(612)**	**154**	**(1,692)**	**(424)**	**(358)**	**84**	**(2,848)**

	At 1 January 2015 US$'000	Exchange differences US$'000	Charge/ (credit) to income US$'000	Charge/ (credit) to equity US$'000	At 31 December 2015 US$'000
Accelerated tax depreciation	-	-	(91)	-	(91)
Provisions	(383)	60	20	-	(303)
Losses	(1,117)	211	906	-	-
Deferred income	4,187	153	(1,378)	-	2,962
Pensions	(7,454)	2,228	3,047	(1,001)	(3,180)
Share based payments	809	-	(809)	-	-
Net tax (assets) / liabilities	(3,958)	2,652	1,695	(1,001)	(612)

20. Deferred income taxes (continued)

Deferred tax assets are recognised for some overseas operations for tax losses to the extent that the realisation of the related tax benefits through the future taxable profits is considered probable. In respect of the UK, a deferred tax asset has been recognised in respect of the UK pension scheme (note 26), which will unwind gradually over time to the extent that it is considered probably that the UK will have taxable profits.

A deferred tax asset of US$22.0m (2015: US$26.0m) has not been recognised in the balance sheet in respect of certain Group operations, principally in the United Kingdom (2015: United Kingdom and the United States of America) where it is considered that the losses are unlikely to be utilised in the foreseeable future.

21. Provisions for liabilities and charges

	Litigation provisions US$'000	**Deferred consideration US$'000**	**Other provisions US$'000**	**Total US$'000**
At 1 January 2016	**1,340**	**6,957**	**1,489**	**9,786**
Exchange adjustment	**(36)**	**-**	**(20)**	**(56)**
Entities disposed of (note 25)	**(976)**	**(3,431)**	**-**	**(4,407)**
Entities reclassified as held for sale (note 25)	**-**	**(2,235)**	**-**	**(2,235)**
Charged/ (credited) to the income statement	**(106)**	**-**	**(263)**	**(369)**
Paid/utilised in the year	**(77)**	**(1,291)**	**(147)**	**(1,515)**
At 31 December 2016	**145**	**-**	**1,059**	**1,204**

	Litigation provisions US$'000	Deferred consideration US$'000	Other provisions US$'000	Total US$'000
At 1 January 2015	3,280	2,403	429	6,112
Exchange adjustment	(85)	(222)	(18)	(325)
Acquisition of subsidiary)	-	4,568	-	4,568
Charged/ (credited) to the income statement	(355)	688	1,078	1,411
Paid/utilised in the year	(1,500)	(480)	-	(1,980)
At 31 December 2015	1,340	6,957	1,489	9,786

Analysis of total provisions:	**2016 US$'000**	2015 US$'000
Non-current: to be utilised in over 1 year	**38**	755
Current: to be utilised within 1 year	**1,166**	9,031
	1,204	9,786

21. Provisions for liabilities and charges (continued)

Litigation provisions

The Group is subject to various claims and legal proceedings principally consisting of alleged errors and omissions in connection with the placement of insurance / reinsurance and consulting services. A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability. Where appropriate, the Group also provides for the cost of defending such matters. The value of the litigation provision may be revised from time to time prior to final settlement. Where a litigation provision has been established, it is stated gross of any third party recovery, all such recoveries are included as "other receivables", within trade and other receivables. As at 31 December 2016, in connection with certain litigation matters, the Group's litigation provisions included an amount of US$nil (2015: US$0.6m) to reflect this gross basis and the corresponding insurance recovery was included within trade and other receivables.

Deferred consideration

Provision is made in respect of additional consideration payable following the completion of an acquisition. The value of the deferred consideration may be revised from time to time prior to final settlement.

Other provisions

Provisions made reflecting an unexpired risk reserve relating to contracts placed in the London Market.

22. Equity attributable to owners of the Company

Share Capital	**2016** Number of shares	**2016** Nominal values US$'000s	2015 Number of shares	2015 Nominal values US$'000s
At 31 December				
Authorised				
Deferred shares of 1p each	**10,730,457**	**172**	10,730,457	172
Non-redeemable voting ordinary shares of 1p each	**212,570,620**	**3,405**	212,570,620	3,405
Redeemable voting ordinary shares of 1p each	**17,142,857**	**275**	17,142,857	275
Special share of 1p each	**1**	**-**	1	-
Non-voting ordinary share of 1p each	**21,634,831**	**346**	21,634,831	346
Total at 31 December	**262,078,766**	**4,198**	262,078,766	4,198
Allotted, called up and fully paid				
Deferred shares of 1p each	**10,730,457**	**163**	10,730,457	163
Non-redeemable voting ordinary shares of 1p each	**274,938,477**	**4,042**	177,720,620	2,602
Redeemable voting ordinary shares of 1p each	**-**	**-**	17,142,857	275
Total share capital at 31 December	**285,668,934**	**4,205**	205,593,934	3,040

22. Equity attributable to owners of the Company (continued)

Share Capital	2016 Number of shares	2016 Nominal values US$'000s	2015 Number of shares	2015 Nominal values US$'000s
Movement during year of allotted, called up and fully paid:				
Deferred shares of 1p each				
At 1 January	**10,730,457**	**163**	10,730,457	163
At 31 December	**10,730,457**	**163**	10,730,457	163
Non-redeemable voting ordinary shares of 1p each				
At 1 January	**177,720,620**	**2,602**	177,645,620	2,601
Issued during the year	**80,075,000**	**1,165**	75,000	1
Transferred from redeemable during the year	**17,142,857**	**275**	-	-
At 31 December	**274,938,477**	**4,042**	177,720,620	2,602
Redeemable voting ordinary shares of 1p each				
At 1 January	**17,142,857**	**275**	17,142,857	275
Transferred to non-redeemable during the year	**(17,142,857)**	**(275)**	-	-
At 31 December	**-**	**-**	17,142,857	275

Purchases of shares by the ESOT and EBT are deducted against retained earnings, see Note 28 Employee Share Ownership Trust (ESOT) and Employee Benefit Trust (EBT).

Reserves

Share premium

The share premium arises from the issue of shares in excess of nominal value. Amounts held within this reserve cannot be distributed to shareholders by way of dividend.

Capital reserve

The capital reserve was created on the formation of Ed Broking Group Limited. The analysis of this reserve is shown in the consolidated statement of changes in equity.

Hedge reserve

The change in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedge reserve. The analysis of these reserves is shown in the consolidated statement of changes in equity.

Foreign currency translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentational currency (US Dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. The analysis of this reserve is shown in the consolidated statement of changes in equity.

Retained accumulated deficit

The analysis of this reserve is shown in the consolidated statement of changes in equity.

Share based payments

In accordance with the Articles of Association, employee shareholders of the group are subject to certain restrictions over the sale of their shares. Such shares represent 7.42% of the shares in issue at the balance sheet date. The existence of these restrictions results in the shares being captured by IFRS 2 "Share based payments".

An employee shareholder, who either applies to sell shares by approval of the Board, or leaves the Group, is obliged to follow a tiered pre-emption sale structure set out in the Articles. The Group has a choice of whether to acquire such employees' shares in these circumstances. In the opinion of the directors the Group is under no present obligation to do so either through the relevant rules of the Articles or as a result of stated policy or past practice. Accordingly, these shares are accounted for as equity settled.

23. Non-controlling interests

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
At 1 January	**2,385**	6,815
Exchange adjustment	**(249)**	(348)
Non-controlling interest change in shareholding	**(1,224)**	28
Profit for the year	**8,901**	5,506
Dividends	**(8,020)**	(9,616)
At 31 December	**1,793**	2,385

The non-controlling interests relates mainly to subsidiaries in the UK.

On 1 May 2016, Cooper Gay (France) SASU issued new share capital of 20% to a non-controlling interest.

Summarised financial information on subsidiaries with material non-controlling interests

The total non-controlling interest at 31 December 2016 is US$1,666,000 (2015: US$1,052,000) which is for the partners of Ed Broking Holdings LLP and Ed Broking LLP, all other non-controlling interest is not material.

In early 2017, the capital of Ed Broking Holdings LLP was returned to individual partners and these partners then became employees of Ed Broking LLP.

Set out below is the summarised financial information for Ed Broking Holdings LLP and Ed Broking LLP, combined:

Summarised financial position

	2016 US$'000	2015 US$'000
Current		
Assets	**110,364**	137,753
Liabilities	**(96,370)**	(114,900)
Total current net assets	**13,994**	22,853
Non-Current		
Assets	**4,513**	5,374
Liabilities	**(3,214)**	(862)
Total non-current net assets	**1,299**	4,512
Net assets	**15,293**	27,365

23. Non-controlling interests (continued)

Summarised Income Statement

	2016 US$'000	2015 US$'000
Commission and fees	**65,661**	64,012
Profit before tax	**(966)**	18,142
Income tax expense	**-**	-
Profit for the year	**(966)**	18,142
Other comprehensive income	**-**	-
Total comprehensive income	**(966)**	18,142
Total comprehensive income allocated to non-controlling interests	**8,787**	5,408
Dividends paid to non-controlling interests	**7,889**	8,377

Summarised Cash Flows

	2016 US$'000	2015 US$'000
Net cash generated by operating activities	**32,731**	27,034
Net cash used in investing activities	**(5,419)**	(109)
Net cash used in financing activities	**(7,889)**	(9,079)
Net increase in cash and cash equivalents	**19,423**	17,846
Cash and cash equivalents at beginning of the year	**65,374**	50,852
Effects of exchange rate changes	**(12,292)**	(3,324)
Cash and cash equivalents at end of year	**72,505**	65,374

24. Cash flows from operating activities

	Notes	**Year Ended 31 December 2016 US$'000**	Year Ended 31 December 2015 US$'000
Cash flows from operating activities (including discontinued)			
Loss before tax		**108,118**	(27,987)
Interest income receivable	3/4	**(521)**	(359)
Interest payable on bank loans		**144**	30,302
Unwind of discounting		**-**	249
Fair value gains on financial instruments		**8,295**	3,229
Unrealised foreign exchange loss		**-**	(6)
Pension financing net expense		**489**	509
Amortisation of borrowing costs	4	**717**	319
Depreciation on property, plant and equipment	2	**1,521**	4,209
Amortisation of intangible assets	2	**6,591**	17,403
Impairment of intangible assets and goodwill	2	**13,921**	4,729
Loss on disposal of intangibles	2	**1,296**	-
Amortisation of share based payments		**977**	5,080
(Gain)/loss on disposal of property, plant and equipment	2	**150**	(5)
Other non operating items		**7,305**	-
Held for sale reclassification		**(1,821)**	-
Profit on disposal of subsidiaries		**(174,246)**	73
Loss on disposal of trade investments		**280**	-
Decrease in trade and other receivables		**6,140**	8,292
(Decrease)/ increase in trade and other payables		**(13,673)**	(34,930)
Increase in provisions for liabilities and charges		**(1,883)**	(282)
Decrease in retirement benefit obligation		**(3,656)**	(2,654)
Cash generated by operations		**(39,856)**	8,171
Interest paid		**(5,361)**	(26,282)
Interest received	3	**397**	320
Tax paid - UK corporation tax paid		**-**	(6)
Tax paid - Overseas tax paid		**(5,536)**	(2,385)
Net cash used in operating activities		**(50,356)**	(20,182)

25. Discontinued Operations

The Company disposed of the following entities during the year:

	Country of Incorporation	% Share-holding	Date of Disposal	Profit/(loss) for the year from discontinued operations US$'000
CGSC North America Holdings Corporation	USA	100%	1 April	**163,902**
Latin American Division				
Cooper Gay Martinez Del Rio, SA De CV	Mexico	100%	29 June	
Cooper Gay (Ecuador) CA	Ecuador	80%	22 Dec	
Cooper Gay Chile SA	Chile	100%	19 July	
Cooper Gay Energy Latin America (dormant)	Chile	100%	19 July	
Cooper Gay Uruguay S.A	Uruguay	51%	27 July	
Cooper Gay LMA LLC	Argentina	60%	1 July	
Cooper Gay, L.L.C	USA	75%	1 July	
Cooper Gay International LLC	USA	75%	1 July	
Total for Latin American Division				**(7,322)**
Other Divisions				
Junge Verzekeringsmakelaars NV	Belgium	60%	25 May	**989**
Total profit/(loss) for the year from discontinued operations				**157,569**

Disposal of CGSC North America Holdings Corporation

The following table analyses the profit for the year relating to this disposal of CGSC North America Holdings Corporation for the period 1 January to disposal on 1 April 2016 and the year end 31 December 2015.

	Period Ended 1 April 2016 US$'000	Year Ended 31 December 2015 US$'000
Commissions and fees	**42,145**	202,200
Investment income	**-**	27
Other operating income	**92**	159
Other operating costs	**(46,801)**	(158,283)
Depreciation, amortisation and impairment charges	**(2,779)**	(16,103)
Operating (loss)/profit	**(7,343)**	28,000
Analysed as:		
Operating profit before exceptional items	**2,308**	28,935
Exceptional items	**(9,651)**	(935)
Operating (loss)/profit	**(7,343)**	28,000
Finance costs	**(6,496)**	(28,803)
Finance income	**(24)**	(88)
Net finance costs	**(6,520)**	(28,891)
Loss before tax from discontinued operations	**(13,863)**	(891)
Income tax (expense)/credit	**(1,339)**	(1,487)
Loss after tax from discontinued operations	**(15,202)**	(2,378)
Gain on disposal of discontinued operations	**179,104**	-
Profit/(loss) for the year from discontinued operations	**163,902**	(2,378)

25. Discontinued Operations (continued)

The following table analyses the cash flows relating to the disposal of CGSC North America Holdings Corporation included in the consolidated cash flow statement for the period 1 January to disposal on 1 April 2016 and the year end 31 December 2015.

	Period Ended 1 April 2016 US$'000	Year Ended 31 December 2015 US$'000
Net cash generated from operating activities	**(23,093)**	(10,226)
Net cash used by investing activities	**(458)**	(190)
Net cash used by financing activities	**9,239**	(131)
Net cash generated from the disposal of discontinued operations	**(83,389)**	-
Effect of foreign exchange rate changes	**280**	(302)
Net decrease in cash and cash equivalents	**(97,421)**	(10,849)

The following table analyses the gain on disposal of CGSC North America Holdings Corporation.

	Period Ended 1 April 2016 US$'000	Year Ended 31 December 2015 US$'000
Non-current assets		
Goodwill	**226,975**	226,975
Other intangible assets	**35,100**	38,415
Property, plant and equipment	**8,532**	8,517
Trade and other receivables	**3,080**	2,158
Available-for-sale financial assets	**-**	2,610
Deferred tax assets	**2,309**	-
	275,996	278,675
Current assets		
Trade and other receivables	**125,846**	229,547
Derivative financial instruments	**-**	372
Cash and cash equivalents	**92,716**	106,748
	218,562	336,667
Current liabilities		
Borrowings	**-**	(3,050)
Trade and other payables	**(237,375)**	(252,647)
Current tax liabilities	**(355)**	(1,570)
Provisions for liabilities and charges	**(4,267)**	(5,296)
	(241,997)	(262,563)
Net current assets	**(23,435)**	74,104
Non-current liabilities		
Borrowings	**(416,613)**	(404,244)
Trade and other payables	**(3,807)**	(3,807)
Derivative financial instruments	**(105)**	(105)
Deferred tax liabilities	**(1,603)**	1
	(422,128)	(408,155)
Net liabilities	**(169,567)**	(55,376)

Net cash consideration *	**9,537**
Net liabilities disposed	**169,567**
Gain on disposal of discontinued operations	**179,104**

* The net cash consideration is stated after the repayment of the Group debt of $430.6m and transaction costs.

25. Discontinued Operations (continued)

Disposal of Latin American Division

The following table analyses the profit for the year relating this disposal of the Latin American Division for the period 1 January to the date of disposals and the year end 31 December 2015.

	Date Of Disposals in 2016 US$'000	Year Ended 31 December 2015 US$'000
Commissions and fees	**7,282**	15,332
Investment income	**-**	8
Other operating income	**24**	377
Other operating costs	**(7,861)**	(14,933)
Depreciation, amortisation and impairment charges	**(110)**	(211)
Operating profit	**(665)**	573
Analysed as:		
Operating profit before exceptional items	**(490)**	903
Exceptional items	**(175)**	(330)
Operating profit	**(665)**	573
Finance costs	**(480)**	623
Finance income	**11**	38
Net finance costs	**(469)**	661
(Loss)/profit before tax from discontinued operations	**(1,134)**	1,234
Income tax expense	**(556)**	93
(Loss)/profit after from discontinued operations	**(1,690)**	1,327
Loss on disposal of discontinued operations	**(5,632)**	-
(Loss)/profit for the year from discontinued operations	**(7,322)**	1,327

The following table analyses the cash flows relating to the disposal of Latin American Division for the period 1 January to the date of disposals and the year end 31 December 2015.

	Date of Disposals in 2016 US$'000	Year Ended 31 December 2015 US$'000
Net cash generated from operating activities	**(1,786)**	(2,808)
Net cash used by investing activities	**(97)**	(46)
Net cash generated from the disposal of discontinued operations	**(8,187)**	-
Effect of foreign exchange rate changes	**23**	3
Net decrease in cash and cash equivalents	**(10,047)**	(2,851)

25. Discontinued Operations (continued)

The following table analyses the gain on disposal of the Latin American Division.

	Date of Disposals in 2016 US$'000	Year Ended 31 December 2015 US$'000
Non-current assets		
Goodwill	**3,231**	3,231
Other intangible assets	**3**	14
Property, plant and equipment	**652**	688
Deferred tax assets	**(97)**	(54)
	3,789	3,879
Current assets		
Trade and other receivables	**17,694**	8,328
Current tax assets	**86**	-
Cash and cash equivalents	**8,586**	10,446
	26,366	18,774
Current liabilities		
Borrowings	**(4)**	-
Trade and other payables	**(17,939)**	(8,697)
Current tax liabilities	**156**	(465)
Provisions for liabilities and charges	**(141)**	(163)
	(17,928)	(9,325)
Net current assets	**8,438**	9,449
Non-current liabilities		
Trade and other payables	**(61)**	-
Deferred tax liabilities	**(269)**	(305)
	(330)	(305)
Net assets	**11,897**	13,023

Net cash consideration	**5,527**
Net assets disposed	**(11,897)**
Non controlling interest share of net assets disposed	**945**
Foreign currency translation reserve reclassified to the income statement	**(207)**
Loss on disposal of discontinued operations	**(5,632)**

25. Discontinued Operations (continued)

Disposal of Other Divisions

The following table analyses the profit for the year relating this disposal of Other Divisions for the period 1 January to the date of disposals and the year end 31 December 2015.

	Date of Disposal in 2016 US$'000	Year Ended 31 December 2015 US$'000
Commissions and fees	**912**	3,123
Other operating income	**5**	9
Other operating costs	**(577)**	(2,139)
Depreciation, amortisation and impairment charges	**(14)**	(83)
Operating profit	**326**	910
Analysed as:		
Operating profit before exceptional items	**326**	(32)
Exceptional items	**-**	942
Operating profit	**326**	910
Finance costs	**(8)**	(47)
Finance income	**-**	1
Net finance costs	**(8)**	(46)
Profit before tax from discontinued operations	**318**	864
Income tax expense	**(103)**	(142)
Profit after tax from discontinued operations	**215**	722
Gain on disposal of discontinued operations	**774**	-
Profit for the year from discontinued operations	**989**	722

The following table analyses the cash flows relating to the disposal of Other Divisions for the period 1 January to the date of disposals and the year end 31 December 2015.

	Date of Disposal in 2016 US$'000	Year Ended 31 December 2015 US$'000
Net cash generated from operating activities	**1,273**	(31)
Net cash used by investing activities	**(35)**	(59)
Net cash used by financing activities	**18**	17
Net cash generated from the disposal of discontinued operations	**(1,233)**	-
Effect of foreign exchange rate changes	**17**	(54)
Net increase / (decrease) in cash and cash equivalents	**40**	(127)

25. Discontinued Operations (continued)

The following table analyses the gain on disposal of Other Divisions.

	Date of Disposals in 2016 US$'000	Year Ended 31 December 2015 US$'000
Non-current assets		
Property, plant and equipment	**106**	82
	106	82
Current assets		
Trade and other receivables	**2,874**	1,577
Cash and cash equivalents	**2,220**	947
	5,094	2,524
Current liabilities		
Borrowings	**(11)**	(14)
Trade and other payables	**(4,138)**	(1,838)
Current tax liabilities	**(145)**	(101)
	(4,294)	(1,953)
Net current assets	**800**	571
Non-current liabilities		
Borrowings	**(51)**	(30)
	(51)	(30)
Net assets	**855**	623

Net cash consideration	**1,294**
Net assets disposed	**(855)**
Non controlling interest share of net assets disposed	**335**
Gain on disposal of discontinued operations	**774**

25. Discontinued Operations (continued)

Held for sale

The Latin American division was disposed of during 2016 but as Brazilian regulatory approval was not received until 14 June 2017, the sale of the Brazilian entities had not completed by 31 December 2016. Therefore the Brazilian subsidiaries were reclassified as Held for Sale at 31 December 2016.

The following table analyses the assets and liabilities held for sale at 31 December 2016.

	Year Ended 31 December 2016 US$'000
Non-current assets	
Goodwill	**2,381**
Other intangible assets	**1,966**
Property, plant and equipment	**223**
Deferred tax assets	**(2)**
	4,568
Current assets	
Trade and other receivables	**5,597**
Cash and cash equivalents	**976**
	6,573
Current liabilities	
Trade and other payables	**(8,976)**
Current tax liabilities	**336**
Provisions for liabilities and charges	**(1,239)**
	(9,879)
Net current assets	**(3,306)**
Non-current liabilities	
Deferred tax liabilities	**86**
Provisions for liabilities and charges	**(996)**
	(910)
Net liabilities	**352**

The fair value of the Held for Sale asset was valued at the agreed sales consideration of $2.0m.

26. Retirement benefit obligations

The Group operates a number of pension schemes throughout the world. The principal pension schemes are in the United Kingdom ('UK'): the Cooper Gay Defined Contribution Scheme and the Cooper Gay Defined Benefit Scheme. In addition to the UK, the Group operates other defined benefit pension schemes for some employees in Germany. Pension schemes that hold assets are held in a separately administered fund.

Since October 2001, new joiners in the U.K. are generally eligible to join the Cooper Gay Defined Contribution Scheme. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over the employees working lives with the entity. The cost of the contributions to the group scheme amount to US$2,771,000 (2015: US$3,809,000) being between 5% and 17.5% of pensionable salary.

In addition to the UK scheme, five (2015: four) overseas subsidiaries operate non-contributory defined contribution pension schemes covering all eligible employees. Contributions are at the discretion of the directors of those companies based on a percentage of eligible salary. The charge for the year was US$612,000 (2015: US$2,631,000).

The Group pension costs for the year are comprised as follows:

	31 December 2016			31 December 2015		
	UK	**Overseas**	**Total**	UK	Overseas	Total
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Defined benefit schemes	**474**	**509**	**983**	955	515	1,470
Defined contribution schemes	**2,771**	**612**	**3,383**	3,809	2,631	6,440
	3,245	**1,121**	**4,366**	4,764	3,146	7,910

UK and German defined benefit scheme

The Group operates defined benefit pension plans for qualifying employees in the UK and Germany, which provide benefits to members at retirement and on death in service. The UK defined benefit plans are administered by a separate fund that is legally separated from the entity. The Board of the UK pension fund comprises representatives from both employers and plan participants. The Board of the UK pension fund is required by law and their articles of association to act in the best interest of the fund and of all relevant stakeholders of the scheme. The Board of the UK pension fund is responsible for the investment policy with regard to the assets of the funds.

In Germany there is no separate fund or legally separate entity for their pension scheme, and the liability for the scheme accrues on the statement of financial position for each member until retirement, at which point benefits are paid from the Company.

The schemes are exposed to a number of risks, including:

- Investment risk (for UK only): movement of discount rate used by reference to high quality corporate bond yields against the return from plan assets;
- Interest rate risk (for both UK and Germany): Decreases in the discount rate used will increase the defined benefit obligation;
- Longevity risk (for both UK and Germany): changes in the estimation of mortality rates of current and former employees; and
- Salary risk (for Germany only): increase in future salaries increase gross defined benefit obligations.

Employees not participating in the defined benefit schemes in the UK are eligible to join a defined contribution scheme.

26. Retirement benefit obligations (continued)

The principal assumptions made in the valuations as at 31 December 2016 and prior years were as follows:

	Note	**31 December 2016** UK Scheme	**31 December 2016** German Scheme	31 December 2015 UK Scheme	31 December 2015 German Scheme
Rate of increase in salaries		**-**	**2.50%**	-	2.50%
Rate of increase in pension payments	a	**3.25%**	**1.75%**	3.25%	1.75%
Discount rate		**2.70%**	**1.70%**	3.85%	2.40%
Inflation rate		**3.20%**	**1.75%**	3.05%	1.10%
Revaluation rate for deferred pensioners		**3.25%**	**n/a**	2.05%	n/a
Expected return on plan assets	b	**2.70%**	**n/a**	3.85%	n/a
Mortality - life expectancy at age 65 for male member:	c	**23.6**	**19**	23.4	19
Mortality - life expectancy at age 65 for female member:	c	**24.4**	**23**	25.8	23

a) UK Scheme - Limited Price Indexation to a maximum of 5%, minimum 3%.
b) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting year. Expected returns on equity reflect the long-term real rates of return experienced in the respective markets.
c) Mortality assumptions for the UK scheme are based on Club Vita mortality tables with future improvements based on the CMI2015 model with a long term rate of 1.5%. Mortality assumptions for the German scheme are based on the Heubeck 2005 G tables.

Sensitivity assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

UK Scheme		**Impact on defined benefit obligation**	
	Change in assumption	**Increase in assumption US$'000**	**Decrease in assumption US$'000**
Discount rate	**0.5%**	**4,216**	**(7,268)**
Inflation	**0.1%**	**451**	**125**
Mortality	**1 year**	**(2,929)**	**2,929**

German Scheme		**Impact on defined benefit obligation**	
	Change in assumption	**Increase in assumption US$'000**	**Decrease in assumption US$'000**
Rate of increase in salaries	**0.50%**	**(141)**	**137**
Discount rate	**0.50%**	**1,081**	**(1,129)**
Inflation	**0.50%**	**(936)**	**856**
Mortality	**1 year**	**(650)**	**646**

26. Retirement benefit obligations (continued)

The above sensitivities are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at 31 December 2016) has been applied to when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

	UK Scheme		**German scheme**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Present value of funded obligations	**(73,229)**	(82,333)	**(15,050)**	(14,220)	**(88,279)**	(96,553)
Fair value of plan assets	**68,018**	76,524	**-**	-	**68,018**	76,524
Net liability recognised in the balance sheet	**(5,211)**	(5,809)	**(15,050)**	(14,220)	**(20,261)**	(20,029)

The movement in the defined benefit liability over the year is as follows:

	Obligations 2016 US$'000	**Assets 2016 US$'000**	**Total 2016 US$'000**	Obligations 2015 US$'000	Assets 2015 US$'000	Total 2015 US$'000
Opening balance as at 1 January	**(96,553)**	**76,524**	**(20,029)**	(106,289)	76,935	(29,354)
Current service cost	**(494)**	**-**	**(494)**	(961)	-	(961)
Interest income / (cost)	**(3,106)**	**2,617**	**(489)**	(3,247)	2,738	(509)
	(3,600)	**2,617**	**(983)**	(4,208)	2,738	(1,470)
Remeasurements:						
Return on plan assets, excluding amounts included in interest costs	**-**	**11,981**	**11,981**	-	(395)	(395)
Loss from change in demographic assumptions	**888**	**-**	**888**	744	-	744
Gain / (loss) from change in financial assumptions	**(16,506)**	**-**	**(16,506)**	4,403	-	4,403
Experience gain/(loss)	**(528)**	**-**	**(528)**	322	-	322
	(16,146)	**11,981**	**(4,165)**	5,469	(395)	5,074
Exchange differences	**13,636**	**(12,870)**	**766**	6,364	(4,258)	2,106
Employer contributions	**-**	**2,899**	**2,899**	-	3,615	3,615
Actual benefit payments	**14,384**	**(13,133)**	**1,251**	2,111	(2,111)	-
Closing balance as at 31 December	**(88,279)**	**68,018**	**(20,261)**	(96,553)	76,524	(20,029)

26. Retirement benefit obligations (continued)

The analysis of the fair value of the scheme assets is as follows:

	31 December 2016			31 December 2015		
	Long-term rate of return %	**Value US$'000**	**%**	Long-term rate of return %	Value US$'000	%
Equities	**2.70%**	**9,638**	**14.17%**	3.60%	36,269	47.40%
Bonds	**2.70%**	**6,522**	**9.59%**	3.60%	11,872	15.51%
Other assets	**2.70%**	**45,122**	**66.34%**	3.60%	27,133	35.46%
Cash	**2.70%**	**6,736**	**9.90%**	3.60%	1,250	1.63%
		68,018	**100.00%**		76,524	100.00%

The expected employer contributions to the defined benefit schemes for the year ending 31 December 2016 is US$2,750,798. The Group is committed to paying US$2,367,763 per annum for the next 6.5 years to reduce the deficit.

27. Commitments

Operating lease commitments - where a Group company is the lessee

The group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and the majority of lease arrangements are renewable at the end of the lease at market rate.

The group also leases various plant, property and equipment under cancellable operating lease agreements. The group is required to give up to 3 months' notice for the termination of these agreements. The lease expenditure is charged to the income statement during the year.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year Ended 31 December 2016 US$'000	Year Ended 31 December 2015 US$'000
Not later than 1 year	**4,373**	9,209
Later than 1 year and not later than 5 years	**6,700**	19,172
Later than 5 years	**-**	1,831
	11,073	30,212

27. Commitments (continued)

Legal and other loss contingencies

The Company and its subsidiaries are subject to various claims and legal proceedings principally consisting of alleged errors and omissions in connection with the placement of insurance / reinsurance and consulting services.

IFRS requires that liabilities for contingencies are recorded when it is probable that a liability has been incurred on or before the balance sheet date and the amount can be reasonably estimated. Significant management judgement is required to comply with this guidance. The Group analyses its litigation exposure based on available information, including external legal consultation where appropriate to assess its potential liability.

On the basis of present information, amounts already provided, availability of insurance coverage and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the consolidated financial statements of the Group. However, amounts subject to claims can be material and it is possible that future results of operations or cash flows for any year could be materially affected by an unfavourable resolution to these matters.

At 31 December 2016, the Group had contingent liabilities in respect of guarantees and letters of credit on behalf of Group companies amounting to US$3.3m (2015: US$nil). These liabilities arise from the disposal of the Latin American and North American operations.

28. Employee Share Ownership Trust (ESOT) & Employee Benefit Trust (EBT)

As at 31 December 2016, the ESOT held 9,214,456 (2015: 12,728,691) non-redeemable voting ordinary shares, 10,718,378 (2015: 10,718,378) deferred shares in Ed Broking Group Limited. The estimated fair value of these shares is US$2,672,192 (2015: US$12,474,117).

As at 31 December 2016, the EBT held 13,474,595 (2015: 13,474,595) non-redeemable voting ordinary shares in Ed Broking Group Limited. The estimated fair value of these shares is US$7,580,616 (2015: US$9,061,916). These are the only assets of the EBT and are held for shares issuable in respect of the Joint Ownership Equity Scheme. The fair value of these shares is fixed to the scheme exercise price, see Note 5 for further details.

Notes to the financial statements (continued)

29. Principal subsidiary companies

The following were the principal subsidiary entities at 31 December 2016. Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation / registration.

Principal Subsidiaries	Country of Incorporation /Registration	Nature of business	Proportion of shares held by parent	Proportion of shares held by Group (%)	Proportion of shares held by non-controlling interest (%)
Ed Broking Holdings (London) Limited	England	Intermediate holding company	100%	100%	-
Owned through Ed Broking Holdings (London) Limited:					
Ed Broking (UK) Limited	England	Intermediate holding company	-	100%	-
Ed Broking (London) Limited [1]	England	Insurance and reinsurance Intermediary	-	100%	-
Globe Underwriting Limited [4]	England	Underwriting Agency	-	100%	-
Cooper Gay (Employee Trust) (Jersey) Limited	Jersey	ESOT	-	100%	-
Cooper Gay (Employee Benefit Trust) Limited	Jersey	EBT	-	100%	-
Ed Broking Holdings (2016) Limited	England	Intermediate holding company	-	100%	-
Ed Broking (2016) Limited [2]	England	Intermediate holding company	-	100%	-
Ed Broking Holdings LLP [3]	England	Intermediate holding company	-	100%	-
NMB Beijing Consulting Company [4]	China	Reinsurance intermediary	-	100%	-
Ed Broking LLP [4]	England	Insurance and reinsurance Intermediary	-	100%	-
Junge Versicherungsmakler Holding GmbH	Germany	Intermediate holding company	-	100%	-
Junge & Co. Versicherungsmakler GmbH [5]	Germany	Insurance Intermediary	-	100%	-
Gunther Lubsen GmbH[6]	Germany	Underwriting Agency	-	100%	-
Cooper Gay (France) SASU	France	Insurance and reinsurance Intermediary	-	80%	20%
Ed Broking (Asia) Pte Limited	Singapore	Reinsurance Intermediary	-	100%	-
Cooper Gay (Australia) Pty Limited [7]	Australia	Reinsurance Intermediary	-	100%	-
Ed Broking (Hong Kong) Limited [7]	Hong Kong	Reinsurance Intermediary	-	100%	-
CGSC Holdings (Australia) Pty Ltd	Australia	Intermediate holding company	-	100%	-
Epsilon Insurance Broking Services Pty Ltd [8]	Australia	Managing General Agent	-	100%	-
Cooper Gay (MENA) Ltd	Dubai	Reinsurance Intermediary	-	100%	-
Cooper Gay Russia Ltd	Russia	Dormant			
Creechurch International Underwriters Limited [9]	Canada	Underwriting Agency	-	100%	-
Ed Broking Holdings, Inc.	USA	Intermediate holding company	-	100%	-
Ed Broking Miami Inc	USA	Insurance and reinsurance Intermediary	-	100%	-
Cooper Gay Cayman	Cayman Islands	Insurance and reinsurance Intermediary	-	100%	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

1 Owned through Ed Broking (UK) Limited
2 Owned through Ed Broking Holdings (2016) Limited
3 Owned through Ed Broking (2016) Limited
4 Owned through Ed Broking Holdings LLP
5 Owned through Junge Versicherungsmakler Holding GmbH
6 Owned through Junge & Co. Versicherungsmakler GmbH
7 Owned through Ed Broking (Asia) Pte Limited
8 Owned through CGSC Holdings (Australia) Pty Limited

30. Events after the reporting date

On 2 February 2017, the Company sold its Canadian subsidiary, Creechurch International Underwriters Limited for US$33.0m in cash to a third party. Sale procedures did not begin until after 31 December 2016 so this entity has not been classified as Held for Sale in the financial statements. This subsidiary had a Profit before Tax of approximately US$2.0m.

On 14 June 2017, the Group received regulatory approval for the sale of the Brazilian entities, which were held for sale at year end.

31. Related party transactions

EC3 Union Holdings Limited ('EC3') is a related party by virtue of its shareholding and representation on the Board of Directors. During the year, the Group paid expenses of US$0.8m (2015: US$0.8m) to Lightyear Capital III LLC ('Lightyear'), a related party of EC3, for services provided. Services are provided on normal commercial terms and conditions. As at the 31 December 2016, US$0.0m (2015: US$0.2m) was due to Lightyear.

MDS, SGPS, SA (MDS) is a related party by virtue of its shareholding and representation on the Board of Directors. During the year, the Group received commission of US$nil (2015: US$nil) relating to insurance transactions conducted in the normal course of business with the Sonae Group of which MDS is a subsidiary. As at the 31 December 2016, US$0.1m was due to (2015: US$0.2m) the Sonae Group. During the year, the Group paid expenses of US$0.0m (2015: US$0.2m) to MDS Group for services provided. Services are provided on normal commercial terms and conditions. As at the 31 December 2016, US$0.1m (2015: US$0.1m) was due to MDS.

Osprey Underwriting Agency Limited is no longer a related party by virtue of a common shareholder/director, due to the company being sold. During the year, the Group received income of US$nil (2015:US$0.7m) and as at 31 December 2016, US$nil (2015: US$0.6m) was due from Osprey Underwriting Agency Limited.

32. Ultimate controlling party

The Company is under the ultimate control of EC3 Union Holdings Limited by virtue of its controlling shareholding in the company.

Ed Broking Group Limited
Company Financial Statements as at 31 December 2016

Prepared in accordance with FRS 102

Balance Sheet
As at 31 December 2016

	Notes	2016 US$'000	2015 US$'000
Fixed assets			
Tangible assets		**-**	104
Investments in subsidiaries	b	**69,902**	255,011
		69,902	255,115
Current assets			
Debtors	c	**83,893**	13,409
Cash at bank and in hand		**9,566**	137
		93,459	13,546
Creditors - amounts falling due within one year	d	**(19,664)**	(65,284)
Net current liabilities		**73,795**	(51,738)
Net assets		**143,697**	203,377
Capital and reserves			
Called up share capital	e	**4,205**	3,040
Share premium account	e	**158,632**	139,795
Capital reserve	e	**-**	84,106
Profit and loss account	e	**(19,140)**	(23,564)
Total equity		**143,697**	203,377

The Accounting Policies and Notes on pages 79 to 80 form an integral part of these financial statements.

The financial statements on pages 77 to 80 were approved by the Board and signed on its behalf on 31 July 2017 by:

Steve Hearn
Chief Executive Officer

Statement of Changes in Equity
For the year ended 31 December 2016

	Share capital	Share premium	Capital reserve	Profit and loss account	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2016	**3,040**	**139,795**	**84,106**	**(23,564)**	**203,377**
Profit for the financial year	**-**	**-**	**-**	**5,539**	**5,539**
New shares issued	**1,165**	**18,837**	**-**	**-**	**20,002**
Share based payments	**-**	**-**	**-**	**(1,115)**	**(1,115)**
Impairment of investments	**-**	**-**	**(84,106)**	**-**	**(84,106)**
At 31 December 2016	**4,205**	**158,632**	**-**	**(19,140)**	**143,697**
At 1 January 2015	3,039	139,795	84,106	(18,890)	208,050
Loss for the financial year	-	-	-	(4,674)	(4,674)
New share issued	1	-	-	-	1
At 31 December 2015	3,040	139,795	84,106	(23,564)	203,377

Accounting policies

Basis of preparation
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. These separate entity level financial statements have been produced on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. A summary of the principal accounting policies is set out below.

The financial statements accounting policies have been consistently applied.

Some disclosure requirements have been satisfied by cross referral to the IFRS financial statements.

Foreign currencies
Foreign currency transactions are translated into US Dollars using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss reserve.

Taxation
The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax. Full provision for deferred tax, without discounting, is made for all timing differences that have arisen but not reversed at the balance sheet date.

Consolidated financial statements
Separate consolidated financial statements have been prepared and are presented on pages 13 to 75.

Subsidiary and associates
Investments in subsidiaries and associates are stated in the balance sheet for the Company at cost less any provisions for impairment.

Investment income
Interest on deposits and interest bearing investments is credited as it is earned.

Dividends distribution
Dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date. Final dividends are recognised as a charge to shareholders' funds once approved and interim dividends are charged once paid.

Cash flow statement
The Company is exempt under the terms of FRS 1 from the requirement to publish its own cash flow statement, as its cash flows are included within the consolidated cash flow statement of the Group.

Accounting policies (continued)

a. Profit and loss account

The Company has taken advantage of the exemption contained in Section 408 of the Companies Act 2006 not to present its own profit and loss account. The profit for the year recognised in the Company Profit and Loss Account is US$5,539,000 (2015: loss US$4,674,000).

b. Investments in subsidiaries

	US$'000
Cost	
At 1 January 2016	**255,011**
Disposals of entities	**(17,216)**
Impairment	**(167,893)**
At 31 December 2016	**69,902**
Cost	
At 1 January 2015	255,011
At 31 December 2015	255,011

c. Debtors

	2016 US$'000	2015 US$'000
Amounts owed by group undertakings	**83,760**	12,610
Other debtors	**105**	717
Prepayments and accrued income	**28**	82
	83,893	13,409

d. Creditors - amounts falling due within one year

	2016 US$'000	2015 US$'000
Amounts owed to group undertakings	**7,040**	63,901
Other payables	**-**	214
Accruals and deferred income	**12,624**	1,169
	19,664	65,284

e. Called up share capital and reserves

Details of the reserves are given in the Statement of Changes in Equity, on page 78. Details of the Company's share capital are given in note 22 on pages 57 and 58.

f. Financial risk management

Details of the Financial Risk Management for the Company are given in the Strategic Report on page 4.