OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED

Financial Statements for the Year Ended November 30, 2017 and Independent Auditors' Report

OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED
Financial Statements

30 November, 2017

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of Ocean International Reinsurance Company Limited (the Company), which comprise the statement of financial position as at November 30, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Hobbs, Niles & Co

INDEPENDENT AUDITORS' REPORT (CONTINUED)

A further description of the auditors' responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website at: http://www.icab.bb/about-icab/auditing/. This description forms part of our auditors' report.

Other Matter

This report is made solely to the Company's shareholders as a body in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Hobbs, Niles & Co

CHARTERED ACCOUNTANTS

Bridgetown, Barbados
May 15, 2018

OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED
Statement of Financial Position

At 30 November 2017
(Expressed in United States Dollars)

	Notes	2017 $	2016 $
ASSETS			
Cash	5	4,403,138	7,035,820
Time Deposits	6	14,722,052	19,677,947
Investments available for sale	10	1,992,913	2,159,619
Other financial investment	11	55,546	158,033
Premium receivable	7	17,218,258	3,455,725
Accounts receivable – premium reserves held by cedants	7	9,349,697	9,204,467
Investment in properties	12	3,142,724	2,082,221
Accounts receivable – related parties	8	2,320,322	1,494,256
Accounts receivable – others		1,597,046	1,601,269
Properties, furniture, equipment and improvements, net	9	1,513,030	1,626,330
Other assets		367,614	359,709
Total assets		56,682,340	48,855,396
LIABILITIES AND SHAREHOLDERS’ EQUITY			
Liabilities			
Accounts payable – premium reserves held by cedants	14	5,964,248	5,378,470
Accounts payable	14	4,537,419	1,921,265
Technical reserves	13	13,779,520	7,614,146
Accounts payable – related parties	8	181,311	378,854
Total Liabilities		24,462,498	15,292,735
SHAREHOLDERS’ EQUITY			
Common shares, with a par value of US$1 each one authorized, issued and outstanding 50,000 shares		50,000	50,000
Additional paid-in capital		17,963,865	17,963,865
Retained earnings		13,579,212	15,328,342
Accounts receivable – shareholders’	8	(31,103)	(31,103)
Unrealized gain (loss) in investments available for sale	15	408,500	(7,047)
Property revaluation surplus	9,15	249,368	258,604
Total shareholders’ equity		32,219,842	33,562,661
Total liabilities and shareholder’s equity		56,682,340	48,855,396

Approved by the Board of Directors on May 15, 2018 and signed on its behalf by:

Director

The accompanying notes form an integral part of these financial statements.

OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED
Statement of Change in Shareholder's Equity

At 30 November 2017
(Expressed in United States Dollars)

	Notes	Common shares	Additional paid-in capital	Retained earnings	Accounts receivable shareholders	Unrealized (loss) gain in investments available for sale	Property revaluation surplus	Total Shareholders' equity
		$	$	$	$	$	$	$
Balance at November 30, 2015		50,000	13,663,865	13,212,861	(31,103)	(5,053)	237,145	27,127,715
Additional paid-in capital	15	-	4,300,000	-	-	-	-	4,300,000
Dividends paid	15	-	-	(956,028)	-	-	-	(956,028)
Total income for the year		-	-	3,092,968	-	-	-	3,092,968
Transfer of depreciation of property revaluated		-	-	(21,459)	-	-	21,459	-
Change in fair value of investment securities	10	-	-	-	-	(1,994)	-	(1,994)
Balance at November 30, 2016		50,000	17,963,865	15,328,342	(31,103)	(7,047)	258,604	33,562,661
Dividends paid	15	-	-	(5,880,000)	-	-	-	(5,880,000)
Total income for the year		-	-	4,121,634	-	-	-	4,121,634
Transfer of depreciation of property revaluated		-	-	9,236	-	-	(9,236)	-
Change in fair value of investment securities	10	-	-	-	-	415,547	-	415,547
Balance at November 30, 2017		50,000	17,963,865	13,579,212	(31,103)	408,500	249,368	32,219,842

The accompanying notes form an integral part of these financial statements.

OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED
Statement of Comprehensive Income

For the year ended 30 November 2017
(Expressed in United States Dollars)

	Notes	2017 $	2016 $
INCOME			
Premiums on reinsurance assumed		150,798,111	177,386,392
Retroceded premiums		(119,318,225)	(160,267,034)
		31,479,886	17,119,358
TECHNICAL RESERVES	13	(6,165,374)	(1,164,740)
Net income from premiums		25,314,512	15,954,618
ACQUISITION COST			
Commissions expense		(17,890,467)	(17,978,107)
Commissions income		10,212,608	12,652,672
ACQUISITION COST, NET		(7,677,859)	(5,325,435)
LOSSES INCURRED			
Incurred losses		(18,915,904)	(45,063,404)
Recovered losses		5,906,616	38,808,978
LOSSED INCURRED, NET		(13,009,288)	(6,254,426)
EXPENSES			
General and administrative expenses	8, 16	(2,309,533)	(2,299,776)
Interest expense		-	(27,026)
		(2,309,533)	(2,326,802)
Total Acquisition Costs, Losses Incurred And Expenses		(22,996,680)	(13,906,663)
Profit In Insurance And Reinsurance Operations		2,317,832	2,047,955
OTHER INCOME	8	1,867,218	1,099,015
		4,185,050	3,146,970
Income Tax Expense		63,416	54,002
Net Profit for the year		4,121,634	3,092,968
Other comprehensive income			
Surplus for revaluation of assets		-	(21,459)
Change in fair value of investment securities		415,547	1,994
TOTAL OTHER COMPREHENSIVE INCOME		415,547	(19,465)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,537,181	3,073,503

The accompanying notes form an integral part of these financial statements.

OCEAN INTERNATIONAL REINSURANCE COMPANY LIMITED
Statement of Cash Flows

For the year ended 30 November 2017
(Expressed in United States Dollars)

	Notes	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		4,185,050	3,146,970
Adjustment to reconciliate the net profit to net cash from operation:			
Technical reserves	13	6,165,374	1,164,740
Depreciation	9	113,300	120,721
OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL			
Increase in premium receivable		(13,762,533)	(1,022,925)
(Increase) decrease in premium reserves held by cedants, net		(145,230)	248,538
Decrease (increase) in accounts receivable – others		4,223	(584,318)
(Increase) decrease in other assets		(7,905)	1,303
Increase in accounts payable		3,138,516	1,361,377
NET CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES		(309,205)	4,436,406
CASH FLOW FROM INVESTING ACTIVITIES			
Time deposit		4,955,895	(3,500,015)
Purchase of investments	10	(300,366)	-
Sale of investments	10	882,619	-
Other financial investment, net		102,487	-
Investment in projects	12	(1,060,503)	(511,111)
Acquisition of fixed assets	9	-	(316,947)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		4,580,132	(4,328,073)
CASH FLOWS FROM FINANCIING ACTIVITIES			
Loans payable, net		-	(811,856)
Accounts with related parties		(1,023,609)	(349,194)
Additional paid-in-capital	15	-	4,300,000
Dividends paid	15	(5,880,000)	(956,028)
NET CASH FLOW (USED IN) PROVIDED BY FINANCING ACTIVITIES		(6,903,609)	2,182,922
Net (decrease) increase in cash in banks		(2,632,682)	2,291,255
Cash in banks at the beginning of year		7,035,820	4,744,565
Cash in banks at end of year	5	4,403,138	7,035,820

The accompanying notes form an integral part of these financial statements.

1. Organization and operations

Ocean International Reinsurance Company Limited (the Company) was originally domiciled and incorporated in Belize, CA, on May 2006 (identification IBC 52,339) under the International Business Companies Act - Chapter 270, and licensed to operate international reinsurance business the International Insurance Act – Chapter 269, (Docket No.INT/62/15/11).

During 2012, the Company relocated its headquarters in Barbados, WI, under Certificate of Continuance No. 36565, issued under Section 356.2 (1) of the Companies Act, issued by Barbados Intellectual Property Office and Corporate Affairs and authorized by the Financial Services Commission of that country under the Reinsurance License No.532, granted under Section 8 (1) of the Exempt Insurance Act (CAP308A).

At August 31, 2016, the Company under the law of Barbados is registered as Company N°36565 as a qualifying Insurance Company.

Approval of financial statements

The Company's Management on May 15, 2018, approved the issuance of these financial statements.

2. Statement of compliance

The financial statements of Ocean International Reinsurance Company Limited were prepared as of November 30, 2017 according to the International Financial Reporting Standards.

3. Summary of significant accounting policies

Basis of preparation and presentation currency
The financial statements were prepared on a historical cost basis, except for investment securities, which are measured at fair value and property. All the accounting policies applied by the entity are consistent with those used in the prior year.

The financial statements are expressed in dollars (US$), the currency of the United States of America.

Accounting judgments and estimates

Preparation of the financial statements in accordance with International Financial Reporting Standards requires Management to make judgments relating to accounting estimates affecting asset and liability amounts as of the reporting date. Due to the implicit uncertainty of these estimates and assumptions, there may be adjustments to the figures having relative importance and affecting the disclosed figures of assets and liabilities in the future.

3. Summary of significant accounting policies (continued)

Accounting judgments and estimates (continued)

Preparation of the Company's financial statements requires Management to conduct estimates and assumptions affecting the reported figures of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities as of the reporting date. Due to the implicit uncertainty of these estimates and assumptions, there may be adjustments to the figures having relative importance and affecting the disclosed figures of assets and liabilities in the future.

The main assumptions related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a high risk of causing significant adjustments to the asset and liability amounts in next year's financial statements, are presented below:

Reserve for claims in process
Estimates are based on the expected cost of claims reported to date of the statement of financial position and the estimated cost of claims incurred but not reported (IBNR) as of the reporting date. Claims can take a significant amount of time before their definite cost is established with certainty, and, types of policies and businesses, claims incurred but not reported represent most of the liabilities presented in the statement of financial position.

The main assumption of this technique is that past experience in losses can be used to project future loss development and is therefore the best estimation for definite costs.

Adjustments to reserves are recorded each year in the statement of comprehensive income. The reserve is adjusted to recognize the reinsurers' share in the event.

Insurance contract liabilities
The loss reserve is estimated using a number of technical actuarial projection standards. The main judgment underlying these techniques is that the experience in the development of the Company's past claims may be used to project the future development of claims, and therefore the ultimate costs. These methods extrapolate the development of claim paid and incurred, median costs for claims, and the number of claims based on the development observed for the year and expected claim indicators.

4. Summary of significant accounting policies

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks, in hand, current deposits and term deposits with an original maturity of three months or less in the statement of financial position. These financial assets are measured at fair value through profit or loss as of the reporting date, without deducting the cost that may be incurred in their sale or disposal. As of the respective reporting date, there are no restrictions on the use of cash or cash equivalents.

4. Summary of significant accounting policies (continued)

Financial assets
The Company classifies its investments into assets available-for-sale, and other financial investments.

The classification depends on the purpose for which the investments were acquired. Financial assets available for sale are classified at fair value through profit or loss, depending on the Company's strategy for managing financial investments acquired to cover their insurance and reinsurance liabilities, on the same bases, which is fair value. The available-for-sale and other financial investment are used to determine how a particular financial asset is recognized and measured in the financial statements.

Investments available for sale
Investments available-for-sale are those non-derivative financial assets that are designated as available-for-sale or not classified as investments held-to-maturity or investments at fair value with changes in comprehensive income. These investments are initially recognized at fair value. After initial recognition, these investments are measured at fair value with changes in other comprehensive income, and are not derecognized until the investment has been determined as impaired, at which time earnings recognized or losses previously reported to other comprehensive income are transferred to the statement of comprehensive income.

Impairment and uncollectibility of financial assets
The Company assesses whether a financial asset or group of financial assets are impaired at each reporting date.

Impairment of financial assets carried at cost
When the Company determines that it has incurred in a loss due to impairment in the value of its investments in equity instruments not having a market price quoted in an active market, it estimates the amount of the loss as the difference between the equity instrument's carrying amount and the present value of future cash flows discounted at the current market profitability rate for similar financial assets, and it deducts the loss from the asset's carrying value and recognizes such loss in the results of the year in which it occurs.

Impairment of investments available for sale
When the Company determines that it has incurred in a loss due to impairment in the value of available for sale financial assets, it estimates the loss amount as the difference between the financial asset's carrying amount and the current fair value less any impairment loss in the financial asset's value previously recorded in the period's results; it then deducts the loss in the asset's recorded value and recognizes the loss in the results of the year in which it occurs.

Reinsurance
Reinsurances receivable are recognized based on reinsurance contract amounts and measured at amortized cost, using the effective interest method. Carrying amounts are reviewed for impairment when there are factors or circumstances indicating that these amounts may not be recovered. The impact of the loss is recognized in the statement of comprehensive income.

4. **Summary of significant accounting policies (continued)**

Reinsurance (continued)
The Company has written reinsurance agreements as part of its ordinary course of operations. Premiums and claims assumed in reinsurance contracts are recognized as income and expenses as if they were considered direct business, taking into account the classification of reinsurance business products. Reinsurance liabilities represent the balance owed to reinsurance companies. Amounts payable are estimated on a consistent basis according to reinsurance contract conditions.

Premiums and losses are presented on a gross basis, for both assumed and ceded premiums. Reinsurance assets and liabilities are derecognized when contractual rights are extinguished or expire, or when contracts are transferred to a third party.

Ceded contracts that do not transfer significant reinsurance risk are recorded directly in the statement of financial position. These assets deposited or financial liabilities are recognized based on the consideration paid or received less any explicit identified premiums or fees retained by the reinsured parties.

The Company also cedes reinsurance risks in the ordinary course of business. Reinsurance receivable represents the amount receivable from reinsured companies. Amounts expected to be recovered are recognized consistently with the outstanding claims reserve, and in conformity with clauses contained in contracts signed by the parties.

An impairment review is performed each year or when there are impairment factors during the year. Impairment occurs when there is objective evidence that the Company cannot recover amounts under the contracted terms, and when the impact on the amounts that the Company will receive from reinsurers can be reliably measured. The impact of the loss is recognized in the statement of comprehensive income.

Reinsurance commissions
Commissions received for external reinsurance contracts are deferred and amortized on a straight-line basis over the term of the expected premiums payable.

Properties, furniture, equipment and improvements
Properties, furniture, equipment and improvements are recorded at acquisition cost, plus a revaluation adjustment to property performed in 2014, based on an appraisal performed by an Independent appraiser, and credited to the Company's equity.

Depreciation and amortization are calculated on a straight-line basis, based on the assets' estimated useful lives.

A breakdown of estimated useful lives is as follows:

Properties and improvements	30 years
Furniture and equipment	5 years
Computer equipment	3 years

4. **Summary of significant accounting policies (continued)**

Properties, furniture, equipment and improvements (continued)
The asset values, useful lives and depreciation and amortization methods are reviewed and adjusted if necessary at each year end. Impairment is reviewed when events or changes in circumstances indicate that the recorded value may not be recovered.

Revaluations are performed to ensure that the revaluated asset's fair value does not differ significantly from its recorded amount.

Any revaluation excess is credited to the properties revaluation surplus included in the equity section of the statement of financial position, unless this amount reverses the revaluation previously recorded for the same asset, which is recognized in the statement of comprehensive income. In this case, the increase is recorded in the statement of comprehensive income. A revaluation deficit is recorded in the statement of comprehensive income, unless it directly offsets a previous surplus on the same asset. Then, it should be taken directly to the surplus for revaluation of assets.

An asset of properties, furniture, equipment and improvements is eliminated when it is sold, or when no economic benefit is expected from its use. Any gains or losses resulting from this elimination (calculated as the difference between the net disposal and carrying amount) is included in the statement of comprehensive income in the year in which the asset is disposed.

Investment properties
Investment properties are initially valued at cost, including transaction costs. The cost of acquisition of an investment property comprises its purchase price and any directly attributable expenditure. The entity records the investment property at cost less accumulated depreciation.

Investment properties are derecognized when it has been disposed, or when the investment property has been removed from permanent use and no economic benefit is expected from its use. Any gains or losses in the investment property's disposal or removal are recognized in the statement of comprehensive income in the year of their disposal.

Loans payable
All loans are initially recognized at cost, which is the fair value of the product received, less directly attributable transaction costs.

After initial recognition, interest loans are subsequently measured at amortized cost using effective interest method.

Any gains or losses incurred are recorded in the statement of comprehensive income when the liability is settled, as well as through the amortization process.

Derecognition of financial assets and liabilities

Financial assets
Financial assets are derecognized by the Company when rights to receive cash flows from the asset have expired, or when the financial asset is transferred along with its inherent risks and benefits and contractual rights to receive cash flows from the asset are surrendered, or when the Company retains the contractual rights to receive cash flows and assumes the obligation to pay them to one or more parties.

4. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

Financial liabilities
Financial liabilities are derecognized by the Company when the obligation has been paid, cancelled or expires. When a financial liability is replaced by another, the Company derecognizes the original and recognizes a new liability. Differences that may result from these financial liability replacements are recognized through income or loss when incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation's amount can be made.

Where the Company expects all or part of a provision to be reimbursed by a third party, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. Expenses relating to provisions are presented in the statement of comprehensive income net of any reimbursements to be received.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably measured. Specific recognition criteria must be established before revenue is recognized.

Written premiums
Accepted reinsurance transactions are recorded when the reinsurance account statements are received from the ceding companies.

Unearned premiums are portions of premiums written in the period that are related to risk periods after the date of the statement of financial position. Unearned premiums are calculated based on 35% of the written premiums. Reinsurance unearned premiums are deferred in the basic insurance term for risk contracts and deferred in the term of the reinsurance contract for contracts of losses incurred.

Gross general premiums are comprised of the total premiums receivable for the full coverage period established in the contracts subscribed during the accounting period, and are recognized on the date on which the policy and/or transaction begins.

The premiums include any adjustment arising from the premiums receivable related to deals "written" during prior periods. The premiums collected by intermediaries, but not yet received, are assessed based on estimates of previous experiences or subscribed, and are included in premiums written.

Gross general insurance premiums comprise the total premiums payable for the whole period of coverage provided by the contracts entered into during the period and are recognized on the date the policy begins. Premiums include any adjustments arising in the accounting period for reinsurance contracts signed in prior periods.

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Written premiums (continued)
Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. The reinsurance unearned premiums are deferred in the basic insurance term for risk contracts and are deferred in the term of the reinsurance contract for contracts of losses incurred.

Ceded premiums
The Company records participation in ceded reinsurance at the end of the realized ceding contracts, when the technical reinsurance operation is determined.

Fees and commissions
Reinsurance contracts and investments are recorded as management policy services, investment management services, and contract fees. These fees and charges are recognized as revenue over the period in which the related services are performed.

Financial instrument returns
Revenue arising from financial instruments is recognized in relation to the passage of time, calculated over the average monthly balances for the invested principal, applying the effective interest method.

Financial instrument yields also include dividends, when rights to receive payments are established.

Realized gains and losses
Gains and losses in the sale of investments are calculated as the difference between the net proceeds from the sale and fair value, and are recognized when the transaction occurs.

Losses incurred and acquisition cost
Gross losses incurred consist of claims paid to reinsured parties, as well as changes in the gross valuation of insurance contract liabilities, except for gross fluctuations in unearned premium provisions, which are recorded in revenues from premiums. They also include internal and external claim adjustment expenses, which are directly related to claims processing and payment.

Changes in accounting policies and disclosures
The accounting policies adopted by the Company to prepare its financial statements as of November 30, 2017 are consistent with those used to prepare its financial statements as of November 30, 2016.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(Expressed in United States Dollars)

4. Summary of significant accounting policies (continued)

Changes in accounting policies and disclosures (continued)

a. New standards, interpretations and amendments in force as of January 1, 2017

These financial statements have adopted a series of new standards, interpretations and amendments in force for the first time for periods beginning on or after January 1, 2017. We detail below the nature and effect of these rules:

IAS 12 Income Tax - Amendment of January 2016
Recognition of deferred tax assets for unrealized losses

The amendment to IAS 12 clarifies the accounting for deferred tax assets related to debt instruments measured at fair value, but are not considered impaired (for example, an investment in a fixed-rate bond where the fair value has decreased due to changes in interest rates, but the asset is not considered to have deteriorated in value). Deductible temporary differences arise from unrealized losses on debt instruments measured at fair value. This is regardless of whether the instrument is recovered through sale, or maintained until maturity. Therefore, entities are required to recognize deferred taxes for temporary differences of unrealized losses of debt instruments measured at fair value if all other criteria are met.

b. Rules that are not yet in force and that have not been adopted in advance

As of the date of the financial statements, there are new standards, amendments and interpretations to standards, which are not effective for the year ended December 31, 2017; therefore, they have not been applied in the preparation of these financial statements. The Administration is evaluating if any of these will have a significant effect on the financial statements, once they are adopted. The following are the most relevant rules and amendments:

Rule	Effective date – For periods beginning on or after the
• IAS 40 - Investment property, amendment issued in December 2016.	January 1, 2018
• IFRS 4 and IFRS 9 - Applying IFRS 9 with IFRS 4, amendments to IFRS 4, issued in September 2016.	January 1, 2018
• IFRS 9 - Financial Instruments, issued in July 2014.	January 1, 2018
• IFRS 9 - Financial instruments, prepayment negative compensation characteristics	January 1, 2019
• IFRS 15 - Revenue from contracts with customers - issued in May 2014	January 1, 2018
• IFRS 17 - Insurance contracts	January 1, 2021
• IFRIC 22 - Transactions in foreign currency and advanced consideration, issued in December 2016.	January 1, 2018

4. **Summary of significant accounting policies (continued)**

IFRS 9 Financial Instruments
In July 014, the IASB issued the final version of IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018, when the IASB finalizes their amendments to defer the effective date of IFRS 15 by one year.

Early adoption is permitted.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Amendments to IFRS JO and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however is recognized only to the extent of unrelated investor's interest in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Annual improvements 2012-2014 cycle
These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

4. **Summary of significant accounting policies (continued)**

IFRS 7 *Financial Instruments: Disclosures*
(i) Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits. The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

Amendments to IAS 1 Disclosure Initiative. The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: (a) the materiality requirements in IAS 1, (b) that specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated, (e) That entities have flexibility as to the order in which they present the notes to financial statements, (d) That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Amendments to IFRS. 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception. The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

(Expressed in United States Dollars)

5. Cash

The cash are presented as follows:

	2017	2016
Checking accounts	3,963,085	6,063,725
Saving accounts	440,053	972,095
Total liabilities	4,403,138	7,035,820

The saving account generate an annual interest rate of 0.30% and 2.50% (2016: 0.30% and 2.5%).

6. Time Deposits

Time deposits generate an annual interest rate from 2.00% - 4.50% (2016: 2.50% - 4.50%) and matures between April 16 and November 30, 2018.

2017

Financial Institution	Issue	Maturity	Rate	Amount
Banco Panamá, S. A.	30/11/2016	11/30/2018	4.25%	350,000
Capital Bank, Inc.	07/02/2017	07/02/2018	4.50%	527,948
Capital Bank, Inc.	02/12/2017	03/12/2018	3.50%	5,000,000
Banisi	12/23/2016	12/24/2018	3.75%	544,104
Global Bank Overseas LTD	05/13/2017	05/14/2018	2.00%	3,000,000
Global Bank Overseas LTD	08/15/2017	07/05/2018	2.00%	4,000,000
Metrobank, S. A.	09/23/2016	09/24/2018	4.50%	500,000
Metrobank, S. A.	04/16/2016	04/16/2018	4.50%	300,000
St. Georges Bank & Company, Inc.	09/18/2016	09/19/2018	4.25%	500,000
				14,722,052

2016

Financial Institution	Issue	Maturity	Rate	Amount
Banco Panamá, S. A.	01/12/2016	11/30/2018	4.25%	350,000
Capital Bank, Inc.	07/02/2015	07/02/2017	4.00%	527,947
Capital Bank, Inc.	12/2/2015	12/01/2016	4.00%	5,000,000
Banisi	12/24/2014	12/23/2016	4.35%	500,000
Global Bank Overseas Ltd.	05/14/2016	05/13/2017	3.00%	3,000,000
Global Bank Overseas Ltd.	08/15/2016	08/15/2017	2.00%	4,000,000
London International Bank & Trust Company	10/31/2015	10/31/2017	2.50%	5,000,000
Metrobank, S. A.	09/23/2016	09/23/2018	4.50%	500,000
Metrobank, S. A.	04/16/2016	04/16/2018	4.50%	300,000
St. Georges Bank & Company, Inc.	09/18/2016	09/19/2018	4.25%	500,000
				19,677,947

(Expressed in United States Dollars)

7. Premiums receivable

Maturity of premiums receivable is as follows:

	2017	2016
Current	151,741	1,050,006
91 days and more	17,066,517	2,405,719
	17,218,258	3,455,725

The Administration did not consider necessary to establish a provision for uncollectible accounts.

The accounts receivables – premium reserves held by Cedants for 2017: US$9,349,697 (2016: US$9,204,467) are released within 30 days after the expiration of each policy and transferred to the account of premiums receivable (regular account) which has its own default, as reported. Therefore, this account maintains current balances and shows no default.

8. Balance and transactions with related parties

The most important balances and transactions with related parties summarized as follows:

	2017	2016
Accounts receivable		
Marcussi International LLC.	633,409	594,485
AIIM Barbados	71,796	71,796
AIM Panama	465,511	-
Meridian Corredores de Reaseguros	460,030	460,030
Marcussi Continental Inc.	439,464	120,000
Marcurssi International LLP	250,112	247,945
	2,320,322	1,494,256
Accounts receivable – Shareholders	31,103	31,103
Accounts Payable		
Marcussi Continental Inc.	181,311	186,978
Meridian Corredores de Reaseguros	-	100,863
J.A. Suárez	-	91,013
	181,311	378,854
Income		
Office rent	36,000	36,000
	2017	**2016**
Commissions expense	-	852,922
Expenses		
Advisory costs	448,770	454,748
Professional fees (Remuneration CEO)	228,252	228,252
Diet (Director)	58,000	60,000
	735,022	743,000

(Expressed in United States Dollars)

8. Balance and transactions with related parties (continued)

Outstanding balances at year-end are unsecured, do not generate interest, and settlement occurs in cash. No guarantees have been granted or received for any account payable or receivable with related parties. For the year ended November 30, 2017, the company has not created an allowance for doubtful accounts for amounts receivable from related parties. This assessment is performed at the end of each financial year through tests on the related party´s financial situation and the market in which it operates.

9. Property, furniture, equipment and improvements, net

The property, furniture, equipment and improvements are detailed as follows:

2017	Properties	Property Improvements	Computer Equipment	Total
Cost or revaluation				
At the beginning of the year	1,197,924	316,947	8,120	1,522,991
At the end of the year	1,197,924	316,947	8,120	1,522,991
Accumulated depreciation				
At the beginning of the year	89,844	58,107	7,314	155,265
Additions	39,932	63,390	743	104,064
At the end of the year	129,776	121,497	8,057	259,329
Net value before revaluation	1,068,148	195,450	63	1,263,662
Beginning balance of fixed assets revaluated	258,604	-	-	258,604
Depreciation	9,236	-	-	9,236
Total net value of revaluation	249,368	-	-	249,368
Total net value	1,317,516	195,450	63	1,513,030

2016	Properties	Property Improvements	Computer Equipment	Total
Cost or revaluation	1,197,924	316,947	8,120	1,522,991
Accumulated depreciation	89,844	58,107	7,314	155,265
Net value before revaluation	1,108,080	258,840	806	1,367,726
Net value revaluation	258,604	-	-	258,604
Total net value	1,366,684	258,840	806	1,626,330

10. Investment available for sale

The structure of capital quotas are presented as follow:

	2017	**2016**
Bonds	1,040,135	1,157,260
Common shares	812,995	869,414
Precious metal	139,783	132,945
	1,992,913	2,159,619

(Expressed in United States Dollars)

10. Investment available for sale (continued)

A breakdown of the fair value is detailed as follows:

2017

Investment	Cost	Change in fair value	Fair value
Bonds	1,006,758	33,377	1,040,135
Common shares	1,047,710	(234,715)	812,995
Precious metal	248,488	(108,705)	139,783
	2,302,956	(310,043)	1,992,913
2016			
Bonds	1,114,392	42,868	1,157,260
Common shares	1,085,578	(216,164)	869,414
Precious metal	248,488	(115,543)	132,945
	2,448,458	(288,839)	2,159,619

The transactions in investments available for sale are summarized below:

	2017	**2016**
Balance at beginning of year	2,159,619	2,161,613
Acquisitions of investments	300,366	-
Redemption from sales of investments	(445,867)	-
Change in fair value of investments securities	(21,205)	(1,994)
Balance at end of year	1,992,913	2,159,619

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

2017	Total	Level 1	Level 2	Level 3
Investments AFS	1,992,913	-	1,992,913	-
2016				
Investments AFS	2,159,619	-	2,159,619	-

11. Other Financial Investment

Other financial investments are detailed as follows:

	Proportion of ownership interest	**2017**	**2016**
Investment in non-consolidated subsidiaries	100%	55,546	55,546
Investments in shares	Less than 1%	-	102,487
		55,546	158,033

(Expressed in United States Dollars)

11. Other Financial Investment

The investments in non - consolidated subsidiaries represent the initial contribution on American Int'l Re T&C (US$113,755 initial contribution) and all American Joint Venture (US$56,571 initial contribution). These investments are presented at cost as these financial statements were prepared to comply with regulatory requirements in Barbados.

12. Investment properties

Investment properties are detailed as follows

	2017	**2016**
Beginning balance	2,082,221	1,571,110
Increase	1,060,503	511,111
Ending balance	3,142,724	2,082,221

At November 30, 2017, the Company has investment properties in different projects.

13. Technical Reserve

The technical reserves are detailed as follows:

	2017	**2016**
Unearned premium reserve	4,157,631	2,661,578
Reserve for losses incurred but not reported	507,989	507,989
Reserve for outstanding losses	9,113,900	4,444,579
	13,779,520	7,614,146

The transactions of the technical reserves are as follows:

	2017	**2016**
Unearned premium reserve		
Balance at beginning of year	2,661,578	2,838,346
Net movement of reserves during the year	1,496,053	(176,768)
Balances at end of end	4,157,631	2,661,578
Reserve for losses incurred but not reported		
Balance at beginning of year	507,989	415,432
Net movement of reserves during the year	-	92,557
Balances at end of end	507,989	507,989
Reserve for outstanding losses		
Balance at beginning of year	4,444,579	3,195,628
Net movement of reserves during the year	4,669,321	1,248,951
Balances at end of end	9,113,900	4,444,579

(Expressed in United States Dollars)

14. Accounts payable

The accounts payable are detailed as follows:

	2017	2016
Funds received pending processing	3,506,138	1,166,838
Commissions payable	701,040	484,227
Bonus payable	263,825	150,000
Guarantee deposit received	3,000	3,000
Accounts payable – other	-	63,197
	4,474,003	1,867,262

The accounts payable – premium reserves held by cedants for US$5,964,248 (2016: US$5,378,470) are released within 30 days after the expiration of each policy and transferred to the account of premiums payable (regular account) which has its own default, as reported. Therefore, this account maintains current balances and shows no default.

15. Shareholder's Equity

Dividend paid
At January 13, 2017 The Board of Directors of Ocean International Reinsurance Company Limited declared and authorized the payment dividends amounting of US$880,000 (2016: US$956,028).

The Board of Directors of the Company declared and authorized the payment of special dividends as of October 31, 2017 for US$5,000,000.

The Board of Directors of the Company declared and authorized the payment of capital additional as of July 5, 2016 for US$4,300,000.

Other equity components

Property revaluation surplus
As of November 30, 2017 the balance of the reserve is US$249,368 (2016: US$258,604). This equity reserve is used to recognize increases related to the revaluation of properties. The Company transfers the realized amount of depreciating assets from the revaluation surplus directly to retained earnings, as the Company, or when they are derecognized due to disposal or sale, for the corresponding amount net of income tax, uses them.

Unrealized gain (loss) for investments available for sale
As of November 30, 2017 the balance is US$408,500 (2016: US$(7,047)). This equity reserve is used to recognize losses from the valuation at fair value of financial assets available for sale until the date of expropriation.

(Expressed in United States Dollars)

16. General and administrative expenses

The general and administrative expenses are as follows:

	2017	**2016**
Professional fees	1,045,416	1,025,093
Hotel and Travel	286,252	288,252
Colombia Branch	243,673	283,226
Bonus	200,000	155,000
Barbados Branch	108,405	84,220
Mexico Branch	127,141	68,708
Depreciation	113,300	120,721
Bank charges	61,726	85,259
Travel expenses	60,664	32,740
Insurance	14,962	16,579
Publicity and advertising relationships	8,650	8,285
Licenses and software	2,408	15,374
Conference and training	2,290	7,505
Customer service	347	1,422
Telephone expenses	-	1,327
Miscellaneous	34,299	106,065
	2,309,533	2,299,776

17. Taxation

Under the Insurance Act of Barbados, the Company is liable to tax at 8% on the first US$125,000 of taxable income paid as an annual licence fee. The Company is further subject to taxation in accordance with Income Tax Act, Cap 73 at a rate of 25% per annum and qualifies under section 12H for a foreign currency allowance resulting in an effective tax rate of 1.75%. The tax expense for 2017 is US$63,416 (2016 – US$54,002).

18. Share capital

Authorized
An unlimited number of common shares of no par value.
An unlimited number of preferred shares

Issued	**2017**	**2016**
Common shares	50,000	50,000

19. Solvency

Pursuant to the requirements of the Barbados Insurance Act, Cap. 310, the Company is required to meet certain minimum capital and solvency requirements. The required margin of solvency at November 30th, 2017 is US$2,211,936. The Company met this requirement and exceeded it solvency margin by US$27,687,584.

20. Fair Value of Financial Instruments

International Financial Reporting Standards require the disclosure of information regarding the fair value of financial instruments for which it is possible to estimate a value, regardless of whether they are recognized in the statement of financial position.

Likewise, these standards require the use of a three-level hierarchy to classify each financial instrument in the statement of financial position. Consequently, the Company used the following hierarchy to determine and disclose the fair value of financial instruments through the valuation technique:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar financial instruments or use of a valuation technique whereby all variables are obtained from observable market information for assets of liabilities, either directly or indirectly.

Level 3: The unobservable variables used in the fair value measurement have a significant effect on their calculation.

Fair value estimates are made on the reporting date, based on relevant market date and on information related to the financial instruments. These estimates do not reflect any award or discount that could result from maintaining financial instruments as available-for-sale, given that none are held for this purpose.

21. Fair Value of Financial Instruments

The nature of these estimates is subjective and involves uncertain aspects and Management's judgment, therefore these amounts are not determined with absolute precision. Consequently, should there be changes in the assumptions on which these estimates are based they could differ from the final results. The assumptions used by the Company's Management to establish the fair market value of financial instruments are as follows:

a. The amounts of cash, accounts receivable, accounts payable, other accounts payable and short-term loans payable approach their fair market value due to their short term nature.

b. Investments available for sale are listed in active markets for similar financial instruments or use of a technique where all variables are observed information obtained from market for the asset or liability, either directly or indirectly.

22. Financial Risk Management Objectives and Policies

A financial instrument is any contract that creates an asset in an entity and a financial liability of an equity instrument in another entity. The activities of the Company relate primarily to the use of financial instruments and, as such, the statement of financial positions consists mainly of financial instruments.

22. Financial Risk Management Objectives and Policies (continued)

Capital Administration
In order to maintain an adequate capital that allows it to face the losses from these risks, the Board of Directors created a Committee whose main purpose is to manage the risks to which the Company is exposed, whether they are quantifiable or not, as well as monitor that the operations adjust to the limits, policies and procedures for risk management approved by this Board.

The Company adopted as main principle the risk management strategy. This strategy clearly stipulates the risks that the organization can take and those that it should not take.

The mandatory compliance of these principles is based on the following:

- Avoiding surprises and reducing uncertainty and volatility surrounding the business;
- Achieve balance between risk and reward on capital and the resources that are invested; and
- Achieve a competitive advantage through a better understanding of the risk environment in which we operate.

The Company recognizes that in order to fulfill our shareholders' economic expectations, it is necessary to take a certain degree of risk. Our policy is to maintain, when feasible, a balance between risk and reward to optimize the gains produced by our activity.

The application of these principles is the responsibility of all individuals in the organization.

To support this application, we will use:

- Analytical techniques that allow identifying and assessing risk;
- Systems for control and feedback to improve or optimize the Company's risk profile;
- Performance indicators and mechanisms of communication throughout the Company.

The strategies established will be reviewed annually by the Board of Directors to ensure their continuous compliance.

The Company's risk profile is assessed under the following categories.

Credit risk
Credit risk is the risk that a part of the financial instrument could cause a financial loss to another due to the lack of payment of an obligation.

The Company negotiates credit only with recognized third-parties with renewed credit.

Additionally, balances receivable are permanently monitored, resulting in a nonsignificant exposure to bad debt.

Regarding credit risk in other Company assets, which include cash and cash equivalents, the Company's exposure to credit risk, is defined as a potential loss in market value resulting from negative changes in the entities' ability to pay their debts.

The Company reduces the risk by obtaining competitive returns through a diversified investment portfolio.

22. Financial Risk Management Objectives and Policies (continued)

Liquidity risk
Liquidity risk is the risk that an entity will have difficulties fulfilling obligations related to financial instruments.

The Company's goal is to meet minimum cash needs, mainly for claims originating from general reinsurance contracts. Therefore, the risk of cash not being available to settle liabilities when required may arise. The Company manages this risk by placing minimum limits on the portion of maturing assets, so as to ensure that they are available to pay these liabilities.

The Company maintains its liquidity margin established by the regulating entities; below we describe a summary of its standards:

Market risk
Market risk is the risk that the fair value or future cash flow of financial instruments varies due to changes in market prices. Market risk is comprised of two types of risk: interest rate risk, and market price risk.