International Diving Assurance Limited

Report and financial statements

30 June 2016

Company Registration Number: C 36602

Contents

International Diving Assurance Limited

Directors, officer and other information

Directors:	Dr. Ramiro Cali-Corleo Dr. Alessandro Marroni Ms. Filomena De Angelis Dr. Matthew Bianchi Ms. Laura Marroni Mr. Raymond Mercieca	
Secretary:	Ms. Stephanie Cassar	
Registered office:	DAN Building Sir Ugo Mifsud Street Ta' Xbiex Malta	
Country of incorporation:	Malta	
Company registration number:	C 36602	
Auditor:	Deloitte Audit Limited Deloitte Place Mriehel Bypass Mriehel Malta	
Bankers:	Bank of Valletta p.l.c. Naxxar Road San Gwann Malta	Zurcher Kantonalbank Bahnhofstrasse 9 Zurich Switzerland
	Credit Suisse Via Canova 15 6901 Lugano Switzerland	
Legal advisor:	GANADO Advocates 171, Old Bakery Street Valletta Malta	

International Diving Assurance Limited

Directors' report

Year ended 30 June 2016

The directors present their report and the audited financial statements of the company for the year ended 30 June 2016.

Principal activities

The principal activity of International Diving Assurance Limited is to underwrite scuba diving risks for the leisure diving industry. The company offers accident, liability and legal defence policies to clients through an insurance broker. It was registered on 8 July 2005 and licensed to act as a general business insurer on 24 October 2007.

Performance review

The company's level of business remained in line with the previous year with gross written premiums decreasing marginally. The company ended the year with net technical profit of *EUR556,909* (2015 loss: *EUR82,622*).

At the end of the reporting period the company's net assets stood at *EUR5,923,784* (2015: *EUR5,614,102*).

Result and dividends

The result for the year ended 30 June 2016 is shown in the statement of profit or loss and other comprehensive income on page 6 which confirms a profit for the year after tax of *EUR350,928* (2015: *EUR49,656*) and total comprehensive income of *EUR309,682* (2015: *EUR5,995*).

The directors do not recommend the payment of a dividend.

Events after the reporting period

As at the date of this report there have been no material events occurring after year end that require disclosure.

Directors

The directors who served during the period were:

Dr. Ramiro Cali-Corleo
Dr. Alessandro Marroni
Ms. Filomena De Angelis
Dr. Matthew Bianchi
Ms. Laura Marroni
Mr. Raymond Mercieca
Mr. Peter Grima (resigned 9 February 2016)

In accordance with the company's articles of association, all the directors are to remain in office.

Auditors
A resolution to reappoint Deloitte Audit Limited as auditor of the company will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf on 14 December 2016 by:

Dr. Ramiro Cali-Corleo
Managing Director

Dr. Alessandro Marroni
Director

Statement of directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial period and of the profit or loss for the period then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386) and the Insurance Business Act (Cap. 403). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

International Diving Assurance Limited

Statement of profit or loss and other comprehensive income – Technical account

Year ended 30 June 2016

	Notes	2016 EUR	2015 EUR
Earned premiums, net of reinsurance			
Gross premiums written	7	**5,603,891**	5,854,348
Outward reinsurance premiums	7	**(3,211,861)**	(3,692,466)
Inward reinsurance premium	7	**284,536**	294,211
Net premiums written		**2,676,566**	2,456,093
Change in gross provision for unearned premiums		**86,370**	(16,329)
Change in provision for unearned premiums, Reinsurers share		**(166,551)**	14,034
		(80,181)	(2,295)
Earned premiums net of reinsurance		**2,596,385**	2,453,798
Profit commission		**130,718**	56,170
Allocated investment return transferred from the non-technical account	8	**76,675**	360,861
Total technical income		**2,803,778**	2,870,829
Claims incurred, net of reinsurance			
Claims paid			
- Gross amount		**2,107,805**	4,556,051
- Reinsurers' share		**(1,157,033)**	(2,385,703)
		950,772	2,170,348
Change in the provision for claims			
- Gross amount		**16,053**	613,330
- Reinsurers' share		**(177,629)**	(958,131)
		(161,576)	(344,801)
Claims incurred, net of reinsurance		**789,196**	1,825,547
Net operating expenses	9	**1,457,673**	1,127,904
Total technical charges		**2,246,869**	2,953,451
Balance on the technical account for general business (page 6)		**556,909**	(82,622)

International Diving Assurance Limited

Statement of profit or loss and other comprehensive income – Non-technical account

Year ended 30 June 2016

	Notes	2016 EUR	2015 EUR
Balance on technical account for general business (page 5)		**556,909**	(82,622)
Investment income	8	**152,834**	383,807
Other investment (expenses and charges)/income	8	**(18,533)**	218,458
Allocated investment return transferred to the general business technical account	8	**(76,675)**	(360,861)
Net operating expenses	9	**(74,648)**	(78,506)
Profit before tax		**539,887**	80,276
Income tax expense	12	**(188,959)**	(30,620)
Profit for the year		**350,928**	49,656
Other comprehensive income			
Movement in revaluation reserve on available-for-sale financial assets, net of deferred tax		**(41,246)**	(43,661)
Total comprehensive income for the year		**309,682**	5,995

International Diving Assurance Limited

Statement of financial position

30 June 2016

	Notes	2016 EUR	2015 EUR
Assets			
Deferred tax asset	20	**939**	73,942
Available-for-sale investments	15	**4,201,075**	3,312,152
Loans and receivables	15	**1,798,247**	1,800,000
Reinsurers share of technical provisions	18	**3,833,177**	3,822,099
Insurance and other receivables	16	**3,197,047**	2,890,161
Cash and cash equivalents	17	**1,500,610**	2,523,214
Total assets		**14,531,095**	14,421,568
Equity and liabilities			
Equity			
Share capital	21	**5,500,000**	5,500,000
Revaluation reserve		**57,809**	99,055
Retained earnings		**365,975**	15,047
Total equity		**5,923,784**	5,614,102
Liabilities			
Technical provisions	18	**7,956,558**	8,026,875
Insurance payables	19	**44,346**	267,285
Other payables and accrued expenses	19	**179,532**	188,556
Bank overdraft	17	**332,585**	324,780
Taxation	19	**94,290**	-
Total liabilities		**8,607,311**	8,807,496
Total equity and liabilities		**14,531,095**	14,421,598

These financial statements were approved by the board of directors, authorised for issue on 14 December 2016 and signed on its behalf by:

Dr. Ramiro Cali-Corleo
Managing Director

Dr. Alessandro Marroni
Director

International Diving Assurance Limited

Statement of changes in equity

Year ended 30 June 2016

	Share capital EUR	Revaluation reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 July 2014	5,500,000	142,716	(34,609)	5,608,107
Profit for the year	-	-	49,656	49,656
Other comprehensive loss for the year	-	(43,661)	-	(43,661)
Total comprehensive income/(loss) for the year	-	(43,661)	49,656	5,995
Balance at 1 July 2015	5,500,000	99,055	15,047	5,614,102
Profit for the year	-	-	350,928	350,928
Other comprehensive loss for the year	-	(41,246)	-	(41,246)
Total comprehensive income/(loss) for the year	-	(41,246)	350,928	309,682
Balance at 30 June 2016	**5,500,000**	**57,809**	**365,975**	**5,923,784**

International Diving Assurance Limited

Statement of cash flows
30 June 2016

	2016	2015
	EUR	EUR
Cash flows used in operating activities		
Profit before tax	**539,887**	80,276
Adjustments for:		
Depreciation	-	24,932
Gains on disposal of investments	**(151,834)**	(260,776)
Exchange losses/(gains)	**18,533**	(218,457)
Interest income	**(65,700)**	(201,718)
Operating profit/(loss) before working capital movements in:	**340,886**	(575,743)
Technical provisions	**(70,317)**	629,659
Reinsurers' share of technical provisions	**(11,078)**	(972,166)
Receivables	**(112,277)**	(100,508)
Payables	**(231,963)**	56,031
Cash flows used in operations	**(84,749)**	(962,727)
Income taxes paid	-	(2,247)
Net cash flows used in operating activities	**(84,749)**	(964,974)
Cash flows (used in)/from investing activities		
Payments to acquire intangible assets	-	(112,666)
Payments made on behalf of other related parties	**(138,650)**	(341,905)
Payment for the purchase of financial assets	**(2,629,823)**	(1,613,133)
Proceeds from disposals of financial assets	**1,740,192**	2,591,225
Interest received	**101,154**	155,673
Net cash flows (used in)/from investing activities	**(927,127)**	679,194
Net movement in cash and cash equivalents	**(1,011,876)**	(285,780)
Cash and cash equivalents at the beginning of the year	**2,198,434**	2391,675
Effect of foreign exchange rate changes	**(18,533)**	92,539
Cash and cash equivalents at the end of the year (note 17)	**1,168,025**	2,198,434

1. Statement of compliance

The financial statements have been prepared and presented in accordance with the provisions of the Companies Act (Cap. 386), which requires adherence to International Financial Reporting Standards (IFRSs) as adopted by the EU and their interpretations adopted by the International Accounting Standards Board (IASB), and the provisions of the Insurance Business Act (Cap. 403).

2. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial assets classified as available for sale which are measured at their fair values, and in accordance with IFRS as adopted by the EU. The significant accounting policies adopted are set out below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The statement of financial position is organised in increasing order of liquidity, with additional disclosures on the current or non-current nature of the company's assets and liabilities provided within the notes to the financial statements.

3. Significant accounting policies

3.1 Insurance contracts

3.1.1 Classification

The company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts under which the company accepts significant insurance risk from another party by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary. Insurance risk is risk other than financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, a credit rating or credit index or other variable, provided in the case of non-financial variable that the variable is not specific to a party of the contract. Insurance contracts may also transfer some financial risk.

3. Significant accounting policies (continued)

3.1 Insurance contracts (continued)

3.1.2 Recognition and measurement of contracts

Premiums from insurance business

Insurance business is accounted for on an annual basis. General business written premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods.

The provision for unearned premiums represents that part of gross and reinsurers' share of premiums written which is estimated to be earned in the following or subsequent financial years. The provision is calculated separately for each insurance contract on a $1/12^{th}$ basis, where the incidence of risk is the same throughout the contract.

Claims arising from insurance business

Net claims incurred comprise all claims occurring during the year less amounts recoverable from reinsurance together with related administrative expenses and any adjustments to claims outstanding from previous years.

Liabilities for unpaid claims are estimated using the input of assessment for individual cases reported to the company and statistical analyses for the claims incurred but not reported. The company does not discount its liabilities for unpaid claims.

Included in the provision is an estimate of the costs of handling the outstanding claims. Provision for claims outstanding is based on information available to the Directors and the eventual outcome may vary from the original assessment. The provisions for outstanding claims are reviewed periodically on a one for one basis to ensure their adequacy.

Provision is made for the full estimated cost of claims notified but not settled together with an estimate in respect of claims incurred but not reported at the end of the financial year.

The above method of provisioning satisfies the minimum liability adequacy test as required by International Financial Reporting Standard 4 – *Insurance Contracts.*

3. Significant accounting policies (continued)

3.1 Insurance contracts (continued)

3.1.2 Recognition and measurement of contracts (continued)

Reinsurance

The company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of risks. Reinsurance arrangements do not relieve the company from its direct obligations to its policyholders.

Outward insurance premiums are recognised as a deduction from income in accordance with the pattern of reinsurance service received.

Premiums ceded and benefits reimbursed are presented in the statement of profit or loss and other comprehensive income and statement of financial position on a gross basis.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance contracts. Amounts recoverable under such contracts are recognised in the same year as the related claim.

The benefits to which the company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting period. Such assets are deemed as being impaired if objective evidence exists, as a result of an event that occurred after its initial recognition, that the company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the company will receive from the reinsurer.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from entering into general insurance contracts. Acquisition costs are accrued over an equivalent period to that over which the underlying business is written and charged to the accounting periods in which the related premiums are earned. Deferred acquisition costs represent those acquisition costs incurred in respect of unearned premiums existing at the end of each reporting period.

3. Significant accounting policies (continued)

3.2 Revenue

The accounting policy in relation to revenue from insurance contracts is disclosed in note 3.1.2.

Commission income

Commission income includes commissions received from reinsurers and are recognised when accrued.

Investment income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Investment return is initially recorded in the non-technical account. A transfer is made from the non-technical account to the general business technical account to reflect policyholders' fund financial income and expenses in the technical statement of profit or loss and other comprehensive income and shareholders' fund financial income and expenses in the non-technical statement of comprehensive income.

3.3 Plant and equipment

The company's plant and equipment are classified into furniture, fixtures and other equipment.

Plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of plant and equipment is recognised as an expense when incurred.

Tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in statement of profit or loss and other comprehensive income in the period of derecognition.

3. Significant accounting policies (continued)

3.3 Plant and equipment (continued)

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Furniture, fixtures and other equipment - 25% per annum.

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.4 Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the company's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over four years.

3. Significant accounting policies (continued)

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in statement of profit or loss and other comprehensive income when there is objective evidence that the asset is impaired.

(ii) Investments

The company's investments are classified into the following categories – loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the company may not recover substantially all of its initial investment other than because of credit deterioration.

3. Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Investments (continued)

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the financial asset is derecognised or impaired and through the amortisation process.

Available-for-sale financial assets are those non-derivative financial assets that are either designated in this category by the company or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at their fair value. Gains and losses arising from a change in fair value are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of profit or loss and other comprehensive income as a reclassification adjustment. Interest calculated using the effective interest method is recognised in statement of profit or loss and other comprehensive income.

When applying the effective interest method, the annual amortisation of any discount or premium is aggregated with other investment income receivable over the term of the instrument, if any, so that the revenue recognised in each period represents a constant yield on the investment.

(iii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iv) Trade payables

Trade payables are classified with current liabilities and are stated at their nominal value.

(v) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

3. Significant accounting policies (continued)

3.6 Impairment

All assets are tested for impairment. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, irrespective of whether an indication of impairment exists.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative impairment loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and is measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in the statement of profit or loss and other comprehensive income, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

3. Significant accounting policies (continued)

3.6 Impairment (continued)

For loans and receivables or held-to-maturity investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognised in other comprehensive income and increases the revaluation surplus for that asset, unless an impairment loss on the same asset was previously recognised in profit or loss.

3.7 Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

3. Significant accounting policies (continued)

3.7 Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.8 Currency translation

The financial statements of the company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss.

Foreign exchange gains and losses are classified with other operating income or other operating expenses as appropriate, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

3. Significant accounting policies (continued)

3.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and term deposits with an originating maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

4 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are continually evaluated and reviewed and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. As a result, actual results may differ from estimates.

Any revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumption concerning the future, and other key sources of estimation uncertainty, at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

4.1 Ultimate liability arising from claims made under general business insurance contracts

The company continually reviews and updates its estimates arising from reported and unreported losses and establishes resulting provisions and adequate amounts recoverable under reinsurance. Adjustments from this review are reflected in the statement of profit or loss and other comprehensive income. The process relies on the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for developing expectations of future events that are deemed to be reasonable in the circumstances.

5. International Financial Reporting Standards in issue but not yet effective

Amendments to IAS 1 were issued in December 2014. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. This amendment is effective from 1 January 2016.

Amendments to IAS 16 and IAS 38 were issued in May 2014. In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. This amendment is effective for financial years beginning on or after 1 January 2016.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued on 24 July 2014. It replaces the parts of IAS 39 that relate to the classification, measurement impairment of financial instruments and hedge accounting. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This standard is effective for annual periods beginning on or after January 1, 2018. This standard, not yet endorsed by the European Union.

5. International Financial Reporting Standards in issue but not yet effective (continued)

The Amendments to IAS 12) clarify how to account for deferred tax assets related to debt instruments measured at fair value to address diversity in practice. This amendment is effective on 1 January 2017 and has not yet been endorsed by the EU.

The amendment to IFRS 7 is part of the 'Annual Improvements to IFRSs 2012-2014 cycle'. It provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets. The amendments also clarify that the offsetting disclosures (introduced in December 2011 with effect from 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34. The amendment is effective for financial years beginning on or after 1 January 2016.

Only the amendments that are relevant to the company have been disclosed above. The company, is assessing what impact, if any, these new standards and amendments may have on the Company's future financial statements.

6. Insurance and financial risk management

6.1 Insurance risk management

6.1.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random, unknown and unpredictable.

As its primary insurance activity the company assumes risks relating to underwater diving activity. The company is therefore exposed to the uncertainty surrounding the timing and severity of claims under the insurance contract. The terms and conditions of the insurance contracts it issues set out the basis for the determination of the company's liability should the insured event occur. Through its insurance and investment activity the company also has exposure to market and financial risk.

The company also faces risk that the actual claims are significantly different to the amounts included within the technical provisions. This could occur because the frequency or severity of claims is greater or lower than estimated.

The company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

6. Insurance and financial risk management (continued)

6.1 Insurance risk management (continued)

6.1.2 Underwriting strategy

Since its establishment, the company has developed its own underwriting criteria and strategy which have evolved in line with the technical underwriting disciplines of its international treaty reinsurers.

6.1.3 Reinsurance strategy

The company reinsures part of the risks it underwrites in order to control its exposures to losses and protect capital resources. The company buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the company's net exposure.

Ceded reinsurance contains credit risk, and such reinsurance recoverables are reported after deductions, if any, for known insolvencies and, uncollectible items. The company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements annually.

The company utilises a reinsurance agreement with non-affiliated reinsurers to control its exposure to losses resulting from one occurrence and for the accumulation of net losses arising out of one occurrence.

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below.

6.1.4 Terms and conditions of insurance contracts

Nature of risks covered
The company writes insurance for students, recreational and professional divers. This business is accepted within safe practice guidelines issued by the international recognised diving bodies. The company insures members of DAN Europe Foundation the majority of who are EU residents. The policies issued are in the EU but provide insurance benefits when diving anywhere in the world.

The following gives an assessment of the company's main products and the ways in which it manages the associated risks.

Emergency medical, personal accident, repatriation and travel assistance
These policies offer insurance cover for emergency medical, personal accident, repatriation and travel assistance anywhere in the world. As such the claim costs of the insured accident vary depending on the severity of the accident, its location and the quality, extent and tariffs of the medical facilities in the accident location.

6. Insurance and financial risk management (continued)

6.1 Insurance risk management (continued)

6.1.4 Terms and conditions of insurance contracts (continued)

Civil and professional liability
These policies are occurrence based wordings. Therefore the company is liable to all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract terms. These liability claims also take longer to develop than claims submitted under the company's Accident programme and as a result, the estimation of claims incurred but not reported and claims incurred but not enough reported is generally subject to a greater degree of uncertainty.

Legal defence
These policies offer legal defence benefits when diving anywhere in the world. As a result the claim costs of the insured accident vary.

The company manages these risks by implementing its underwriting and claims management strategy developed after having obtained and considered expert advice approved by the board. The skills available to the company to manage the insurance and claims issues arising from the insured accidents have been built up over many years.

6.2 Financial risk

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. These comprise mainly market risk, credit risk, and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the company manages these risks.

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

6. Insurance and financial risk management (continued)

6.2 Financial risk (continued)

Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Cash and cash equivalents
- Reinsurance assets
- Receivables
- Loans and receivables
- Available-for-sale investments

The company cedes insurance risk to limit exposure to underwriting losses under various agreements. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the company's evaluation of the specific risk subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However the company remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes. The company manages its credit risk arising through its reinsurance arrangements by using "A" rated reinsurers or reinsurers that are part of an "A" rated group. When selecting a reinsurer the company considers their relative security. The security of the reinsurer is assessed from public rating information and from internal investigations.

The company is exposed to contract holders and insurance intermediaries for insurance premium due. Insurance receivables are presented net of any allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to insurance receivables is limited as insurance receivables are due from related parties.

The company's investments are managed through an investment committee which operates within investment parameters set and approved by the Board of Directors. The procedures consider a recommended portfolio structure, asset and counterparty limits as well as currency restrictions.

Loans and receivables are term deposits held with quality financial institutions.

Available-for-sale investments comprise locally and foreign quoted bonds, locally and foreign quoted equities as well as an exchange traded fund. Quoted investments are acquired after assessing the quality of the relevant investments.

6. Insurance and financial risk management (continued)

6.2 Financial risk (continued)

Credit risk (continued)

The company's cash is placed with quality financial institutions.

The total financial assets bearing credit risk are the following:

	2016 EUR	2015 EUR
Reinsurers' share of technical provisions	**3,833,177**	3,822,099
Insurance and other receivables	**2,861,462**	2,543,810
Cash and cash equivalents	**1,500,610**	2,523,214
Loans and receivables	**1,798,247**	1,800,000
Available-for-sale investments	**3,790,746**	2,969,060
	13,784,242	13,658,183

The carrying amounts disclosed above represent the maximum exposure to credit risk.

Credit risk in respect of receivables is not deemed to be significant as balances are largely due from a fellow subsidiary.

The loans and receivables were held with institutions for which no rating was available. The table below shows the credit rating and balance of the company's available-for-sale investments at the end of the reporting period using the Standard & Poor's credit rating symbols.

	2016 EUR	2015 EUR
Rating		
AA+	-	139,386
AA	**273,125**	273,323
AA-	**243,850**	238,849
A+	**148,500**	-
A	**282,969**	-
A-	**314,475**	756,451
BBB+	**257,192**	54,407
BBB	**98,700**	556,224
BBB-	**613,674**	444,938
BB	**89,302**	-
B+	**170,748**	193,392
B	**48,550**	228,875
B-	**138,316**	-
CCC-	**4,841**	-
No rating	**1,106,504**	83,216
	3,790,746	2,969,061

6. Insurance and financial risk management (continued)

6.2 Financial risk (continued)

Currency risk

Foreign currency transactions arise when the company acquires or disposes of financial instruments denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in USD, AUD, GBP and CHF.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

The following table sets out the company's total exposure to foreign currency risk:

	2016		2015	
	AFS EUR	**Cash EUR**	AFS EUR	Cash EUR
GBP	**129,093**	**-**	139,386	123
USD	**820,296**	**-**	798,071	276
CHF	**-**	**480,171**	68,435	483,694
AUD	**106,578**	**-**	108,170	-
	1,055,967	**480,171**	1,114,062	484,093

Should exchange rates at the statement of financial position date differ by +/-10% as a result of a change in interest rates, with all other variables held constant, the impact in 2016 on the company's pre-tax profit would be *+/-EUR48,017* (2015: +/- *EUR48,409*) and *+/-EUR105,597* (2015: +/- *EUR111,406*) on the company's other comprehensive income.

Interest rate risk

The effective interest rate on available-for-sale investments and loans and receivables is disclosed in note 15.

The company is exposed to cash flow interest rate risk on debt instruments carrying a floating interest rate and to fair value interest rate risk on debt instruments carrying a fixed interest rate.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure and by maintaining an appropriate mix between fixed and floating rate borrowings.

6. Insurance and financial risk management (continued)

6.2 Financial risk (continued)

Interest rate risk (continued)

The carrying amounts of the company's financial instruments carrying a rate of interest at the end of the reporting period are disclosed in the liquidity section below.

Should market rates at the end of the reporting period increase/decrease by 10%, with all other variables held constant, the impact on the company's other comprehensive income would be +/- *EUR379,075* in 2016 (2015: +/-*EUR296,906*).

Liquidity risk

The company has to meet daily calls on its cash resources, notably from claims arising on its insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due. The company manages this risk by adhering to its investment policy ensuring that an adequate amount of funds are invested in highly liquid investments.

	Within 1 year EUR	Between 1-5 years EUR	Over 5 years EUR	Total EUR
Year ended 30 June 2016				
Assets held at variable rates				
Available-for-sale investments	-	-	-	-
Assets held at fixed rates				
Cash and cash equivalents	1,168,024	-	-	1,168,024
Available-for-sale investments	306,752	1,099,988	2,384,006	3,790,746
Loans and receivables	1,798,247	-	-	1,798,247
Total interest bearing assets	**3,723,023**	**1,099,988**	**2,384,006**	**6,757,017**

6. Insurance and financial risk management (continued)

6.2 Financial risk (continued)

	Within 1 year EUR	Between 1-5 years EUR	Over 5 years EUR	Total EUR
Year ended 30 June 2015				
Assets held at variable rates				
Available-for-sale investments	75,137	-	-	75,137
Assets held at fixed rates				
Cash and cash equivalents	2,523,214	-	-	2,523,214
Available-for-sale investments	-	1,037,055	1,856,869	2,893,924
Loans and receivables	1,800,000	-	-	1,800,000
Total interest bearing assets	**4,398,351**	**1,037,055**	**1,856,869**	**7,292,275**

Price risk

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices whether caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market.

The Company's equity, debt instruments and exchange traded fund are susceptible to price risk arising from uncertainties about future prices of the instruments. As all of the Company's financial instruments are carried at fair value with fair value changes recognised in the other comprehensive income.

Should market prices at the end of the reporting period increase/decrease by 10%, with all other variables held constant, the impact on the company's other comprehensive income would be +/- *EUR420,108* in 2016 (2015: +/-*EUR331,215*).

Capital risk management

The company's objectives when managing capital are:

- To comply with the obligations to maintain positive solvency position based on the regulatory requirements of the insurance market where the company operates;
- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

6. Insurance and financial risk management (continued)

6.2 Financial risk (continued)

Capital risk management (continued)

The company's directors manage the company's capital structure and make adjustments to it, in the light of changes in economic conditions. The capital requirement of the company is maintained in accordance with regulatory solvency and capital requirements of the insurance market in which it operates.

The company is financed by shareholders' total equity. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt.

The company's solvency requirements were adequately covered by net admissible assets throughout the financial period and the company was compliant with the respective regulatory solvency requirements throughout the financial period.

7. Segmental analysis

	Emergency, medical and travel assist EUR	Public Liability EUR	Legal Defence EUR	Total EUR
Year ended 30 June 2016:				
Gross premium written	4,093,731	1,197,766	312,394	**5,603,891**
Inward reinsurance premium	171,347	101,784	11,405	**284,536**
Gross premium earned	4,273,255	1,363,454	383,088	**5,974,797**
Gross claims incurred	2,198,624	7,472	(82,238)	**2,123,858**
Gross operating expenses	1,056,347	309,072	80,610	**1,446,029**
Reinsurance outwards	(2,452,421)	(759,440)	-	**(3,211,861)**
Year ended 30 June 2015:				
Gross premium written	4,155,676	1,347,192	351,480	**5,854,348**
Inward reinsurance premium	172,913	108,379	12,919	**294,211**
Gross premium earned	4,307,326	1,454,546	370,357	**6,132,229**
Gross claims incurred	1,804,207	3,300,667	64,507	**5,169,381**
Gross operating expenses	800,636	259,551	67,717	**1,127,904**
Reinsurance outwards	(2,819,540)	(872,926)	-	**(3,692,466)**

8. Investment income and charges

	2016 EUR	2015 EUR
Investment gains/(losses)		
Interest income on bank deposits	**17,198**	48,973
Interest income on financial assets	**139,885**	152,745
Realised gains on sale of investments	**88,922**	182,089
Exchange (losses)/gains	**(18,533)**	218,458
Impairment losses	**(93,171)**	-
	134,301	602,265
Analysed between:		
Allocated investment return transferred to the general Business technical account	**76,675**	360,861
Investment return included in the non-technical Account	**57,626**	241,404
	134,301	602,265

9. Net operating expenses

	2016 EUR	2015 EUR
Acquisition costs	**854,951**	839,812
Change in deferred acquisition costs	**10,796**	(7,206)
Administrative expenses	**1,259,409**	1,039,289
Reinsurance commission	**(525,812)**	(603,423)
Reinsurance inwards commission	**28,329**	29,389
Recharges to related parties	**(95,352)**	(91,451)
	1,532,321	1,206,410
Allocated to:		
Technical account	**1,457,673**	1,127,904
Non-technical account	**74,648**	78,506
	1,532,321	1,206,410

Acquisition costs are made up of commission payable for the year.

Recharges to related parties consist of recharges to the parent and fellow subsidiary of the company for the depreciation costs on assets being used by the respective related parties.

10. Key management personnel compensation

	2016 EUR	2015 EUR
Directors' fees	**45,575**	45,577

11. Loss before tax

	2016 EUR	2015 EUR
This is stated after charging:		
Amounts payable to the auditors for;		
- the audit of the Company's financial statements	**28,236**	22,117
- tax services	**1,575**	1,793
- the audit of the returns of the Company's Swiss branch	**17,530**	24,113
Depreciation	**-**	24,932

12. Income tax expense

	2016 EUR	2015 EUR
Current tax expense	**94,289**	-
Withholding tax	**-**	2,247
Deferred tax expense	**94,670**	28,373
Income tax expense	**188,959**	30,620

The income tax expense for the year is reconciled to the tax charge of the applicable income tax rate of 35% as follows:

	2016 EUR	2015 EUR
Profit before tax	**539,887**	80,276
Tax at the applicable rate of 35%	**188,960**	28,097
Tax effect of:		
Withholding tax	**-**	2,247
Non-allowable expenses	**-**	282
Other differences	**(1)**	(6)
Income tax expense	**188,959**	30,620

13. Intangible assets

	Computer software EUR
Cost	
At 01.07.2014	1,909,075
Additions	112,666
Disposals	(2,021,741)
At 01.07.2015	
Additions	-
Disposals	-
At 30.06.2016	-
Accumulated depreciation	
At 01.07.2014	1,366,966
Released on disposal	(1,366,966)
At 01.07.2015	-
Released on disposal	-
At 30.06.2016	-
Carrying amount	
At 30.06.2015	-
At 30.06.2016	-

14. Plant and equipment

	Furniture, fixtures and and other equipment EUR
Cost	
At 01.07.2014/30.06.2015/**30.06.2016**	101,669
Accumulated depreciation	
At 01.07.2014	76,737
Provision for the year	24,932
At 01.07.2015/**30.06.2016**	101,669
Carrying amount	
At 30.06.2015	-
At 30.06.2015	-

15. Financial assets

Available-for-sale investments

	Foreign listed -debt EUR	Local listed -debt EUR	Foreign listed -equity EUR	Local listed -equity EUR	Foreign exchange traded fund EUR	Total EUR
Fair value						
At 30.06.2015	2,567,489	401,571	343,092	-	-	3,312,152
At 30.06.2016	**3,042,644**	**748,103**	**308,776**	**58,371**	**43,181**	**4,201,075**

These financial assets represent investments in foreign listed and local listed securities which present the company with opportunity for return through dividend or interest income and capital appreciation. Financial assets earn a weighted average interest rate of 3.78% (2015: 4.36%) per annum.

Loans and receivables

	2016 EUR	2015 EUR
Term deposits at bank	**1,798,247**	1,800,000

Any term deposits held at banks with a maturity period greater than 3 months are classified as loans and receivables, others are classified with cash and cash equivalents in note 17. Term deposits earn a weighted average interest rate of 1.12% (2015: 1.6%) per annum.

16. Insurance and other receivables

	2016 EUR	2015 EUR
Receivables arising from insurance:		
- due from parent	**171,620**	171,620
- due from other related parties	**2,155,080**	1,509,666
- due from reinsurers	**86,211**	15,832
- deferred acquisition costs	**335,585**	346,381
	2,748,496	2,043,499
Other receivables:		
- prepayments and accrued income	**448,551**	839,728
- taxation	**-**	6,964
Total receivables	**3,197,047**	2,890,191

No interest is due on the above receivables. The terms and conditions of the amounts owed by related parties are disclosed in note 22.

17. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2016 EUR	2015 EUR
Cash at bank and on hand	**712,097**	1,520,568
Term deposits at banks	**788,513**	1,002,646
	1,500,610	2,523,214
Bank overdraft	**(332,585)**	(324,780)
	1,168,025	2,198,434

Term deposits are short-term and earn a weighted average interest rate of 1.65% (2015: 1.65%) per annum. The bank overdraft is charged interest at a rate of 4.65%.

A term deposit of *EUR400,000* (2015: *EUR400,000*) is pledged against the bank overdraft.

18. Insurance liabilities and reinsurance assets

	2016 Gross EUR	2016 Reinsurers' share EUR	2016 Net EUR	2015 Gross EUR	2015 Reinsurers' share EUR	2015 Net EUR
General business						
Provision for unearned premiums	2,684,680	(1,090,170)	1,594,510	2,771,050	(1,256,721)	1,514,329
Provision for claims outstanding	5,231,878	(2,743,007)	2,488,871	5,255,825	(2,565,378)	2,690,447
Claims handling Reserve	40,000	-	40,000	-	-	-
Total insurance contract provisions	7,956,558	(3,833,177)	4,123,381	8,026,875	(3,822,099)	4,204,776
Provision for unearned premiums						
Premiums written	5,603,891	(3,211,861)	2,392,030	5,854,348	(3,692,466)	2,161,882
Less: premiums earned	(2,919,211)	2,121,691	(797,520)	(3,083,298)	2,435,745	(647,553)
At end of year	2,684,680	(1,090,170)	1,594,510	2,771,050	(1,256,721)	1,514,329

Technical provisions are considered to be current in nature. The technical provisions are based on case by case estimates supplemented with additional provisions for incurred but not reported reserves ("IBNR") and incurred but not enough reported ("IBNER") in those instances where the ultimate cost determined by the estimation techniques is higher. The process used to calculate the 'ultimate cost' is described in note 4.1. The presence of claims which have been incurred but not reported is inherently uncertain, as is the outcome of claims notified and outstanding. Accordingly the directors have made estimates of the company's ultimate liabilities based on their knowledge and understanding of the business. The ultimate liability will vary as a result of subsequent events and may result in significant adjustments to the amounts recognised. A key variable in the estimation methodology applied is the initial loss ratio estimate. A movement of 1% of the existing ratio, would affect the technical provisions by approximately *EUR110,000* (2015: *EUR110,000*).

Claims development

Claims development information is disclosed in order to illustrate the insurance risk inherent in the company. The tables compare the claims paid on an underwriting year with the provisions established for these claims. An underwriting year represents a calendar year. The table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or underwriting year ends. The estimate is increased or decreased as losses are paid and more information becomes known with the development of unpaid claims. Although the amounts provided reflect the managements' best estimate of the total claims outstanding, the company's total outlay in relation to such claims becomes final on payment. The reserves included in the table below do not include reserves for IBNR and IBNER which amounted to *EUR1,079,960* (2015: *EUR894,429*) as at year end.

18. Insurance liabilities and reinsurance assets (continued)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Estimate of the ultimate claims costs:										
At end of year one	2,190,501	1,579,040	1,273,005	1,476,147	1,858,986	1,640,050	1,701,142	1,383,527	740,440	13,842,839
At end of year two	3,122,355	2,228,280	2,242,954	2,315,563	3,238,279	3,100,398	2,853,689	1,849,540		20,951,058
At end of year three	3,099,386	2,504,511	2,178,236	2,227,919	3,538,314	4,588,652	2,893,532			21,030,549
At end of year four	2,647,895	2,536,187	2,594,581	2,172,803	3,999,584	4,495,078				18,446,128
At end of year five	2,602,800	2,856,883	2,977,554	2,153,973	3,975,638					14,566,847
At end of year six	2,632,193	2,892,170	2,986,401	2,127,674						10,638,438
At end of year seven	2,664,286	2,800,078	2,886,734							8,351,097
At end of year eight	2,643,468	2,793,978								5,437,446
At end of year nine	2,601,406									2,601,406
Current estimate of cumulative claims:	**2,601,406**	**2,793,978**	**2,886,734**	**2,127,674**	**3,975,638**	**4,495,078**	**2,893,532**	**1,849,540**	**740,440**	**24,364,021**
Current payments to date	(2,074,419)	(2,772,367)	(2,853,292)	(2,105,218)	(3,744,923)	(2,582,566)	(2,363,615)	(1,469,322)	(246,382)	(20,212,103)
IBNR & IBNER										1,079,960
Liability recognised in the statement of financial position	**526,987**	**21,611**	**33,441**	**22,456**	**230,716**	**1,912,512**	**529,918**	**380,219**	**494,058**	**5,231,877**

19. Insurance and other payables

	2016 EUR	2015 EUR
Payables arising out of insurance operations	**44,346**	267,285
Amounts due to other related parties	**-**	5,000
Other payables and accrued expenses	**179,532**	183,556
Taxation	**94,290**	-
	318,168	455,841

All trade and other payables are classified as current. No interest is due on the above balances.

The terms and conditions of the amounts owed to related parties are disclosed in note 22.

The balance was unsecured, interest-free and repayable on demand.

20. Deferred taxation

	2015 EUR	Movement for the year EUR	2016 EUR
Arising on:			
Temporary differences			
Accelerated tax depreciation	121,813	(121,813)	-
Fair value change included in other comprehensive income	(53,338)	54,277	939
	68,475	(67,536)	939
Arising on:			
Unused tax losses	5,467	(5,467)	-
Total	**73,942**	**(73,003)**	**939**

21. Share capital

	2016 and 2015	
	Authorised EUR	Issued and called up EUR
6,000,000 ordinary shares of EUR1 each, of which 5,500,000 have been issued and called up	**6,000,000**	**5,500,000**

22. Related party disclosures

The company is a subsidiary of the Dan Europe Foundation (the "Parent") which holds 99% of the ordinary shares of the company. The registered address of the Foundation is 26, Fidiel Zarb Street, Gharghur, Malta.

During the course of the year, the company entered into transactions with related parties as set out below.

All the company's insurance business is transacted through a licensed broker, which is also a related party, by virtue of common ownership. The transactions with the broker are included with "other related parties", defined below.

The related party transactions in question were:

	2016			2015		
	Related party activity EUR	**Total activity EUR**	**%**	Related party activity EUR	Total activity EUR	%
Other operating income						
Related party transactions with:						
- Other related parties	**95,532**	**95,532**	**100**	91,451	91,451	100
Acquisition costs						
Related party transactions with:						
- Other related parties	**854,951**	**854,951**	**100**	771,706	771,706	100
Administrative expenses:						
Related party transactions with:						
- Other related parties	**528,002**	**1,259,411**	**42**	480,090	1,107,395	43

"Other related parties" consist of related parties other than the parent, entities that are controlled or jointly controlled by, directly or indirectly, key management personnel of the Company.

During the previous year, the Company entered into agreements with Mar Sud Limited, a related company, in respect of the sale of computer software and other related intangibles for consideration of *EUR996,680.* Concurrently the Company entered into a licensing agreement with Mar Sud for the use of the same software.

The amounts due to/from related parties at year-end are disclosed in notes 16 and 19. The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. These amounts were unsecured and interest-free. The amount due from Mar Sud is expected to be extinguished by offsetting license fees payable over a period of 6 years.

23. Fair values of financial assets and financial liabilities

At 30 June 2016 and 2015, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

23. Fair values of financial assets and financial liabilities (continued)

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

The following table analyses within the fair value hierarchy the Company's financial assets and financial liabilities measured at fair value for 30 June 2016 and 2015.

	Level 1 EUR	**Level 2 EUR**	**Total EUR**
30 June 2016			
Debt	**3,640,769**	**149,978**	**3,790,747**
Equity	**367,148**	**-**	**367,148**
Exchange traded fund	**43,181**	**-**	**43,181**
	4,051,098	**149,978**	**4,201,076**

	Level 1 EUR	Level 2 EUR	Total EUR
30 June 2015			
Debt	2,969,060	-	2,969,060
Equity	343,092	-	343,092
Exchange traded fund	-	-	-
	3,312,152	-	3,312,152

24. Events after the reporting period

As at the date of this report there have been no material events occurring after year end that require disclosure.

Deloitte.

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VAT Reg No: MT2013 6121
Exemption number: EXO2155

Independent auditor's report
to the members of

International Diving Assurance Limited

We have audited the accompanying financial statements of International Diving Assurance Limited set out on pages 5 to 40, which comprise the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As explained more fully in the statement of directors' responsibilities on page 4, the directors of the company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act (Cap. 386) and Insurance Business Act (Cap. 403), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Deloitte.

Independent auditor's report (continued)
to the members of

International Diving Assurance Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of International Diving Assurance Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386) and in accordance with the Insurance Business Act (Cap. 403).

Ian Coppini as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta

14 December 2016