Allianz New Zealand Limited
NZ Company Number 445514

Financial Statements for year ended 31 December 2016

Allianz

Director's Report

The Director presents the report together with the financial statements of Allianz New Zealand Limited ("the Company") for the year ended 31 December 2016 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

D.G. Hosking
T.E. Elisara (ceased 10 February 2017)

Principal Activities

The principal activity of Allianz New Zealand Limited during the course of the reporting year has been the provision of premium funding services to customers, and the provision of management and administrative services to related companies.

Events after Balance Date

There have been no matters or circumstances that have arisen in the interval between 31 December 2016 and the date of this report which, in the Director's opinion have significantly affected, or may affect in subsequent reporting periods, the operations of the Company, the results of those operations or the state of the Company except as otherwise disclosed in this report.

Results

The profit after income tax of the Company attributable to members for the year ended 31 December 2016 amounted to $2,238,000 (2015: $2,515,000).

Directors' Benefits

During the year ended 31 December 2016 and in the interval between 31 December 2016 and the date of this report, no Director has received, or has become entitled to receive, any benefit (other than a benefit included in the aggregate amount of emoluments paid or due and payable, to the Director, by reason of a contract made by the Company or any entity controlled by the Company or a body corporate that is related to the Company, with the Director or with an entity in which the Director has a substantial financial interest.

Registered Office

Level 11, Tower 1, 205 Queen Street, Auckland 1010, New Zealand.

Signed in accordance with a resolution of the Director of Allianz New Zealand Limited.

D.G. Hosking
Director

29 March 2017

Independent Auditor's Report

To the shareholder of Allianz New Zealand Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Allianz New Zealand Limited (the company) on pages 5 to 17:

i. present fairly in all material respects the company's financial position as at 31 December 2016 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

— the statement of financial position as at 31 December 2016;

— 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

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

Other Information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Financial Report. Other information includes the Director's Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this Independent Auditor's Report

This report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

— the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);

— implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the financial statements

Our objective is:

— 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 Independent Auditor's 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 NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx.

This description forms part of our Independent Auditor's Report.

KPMG

KPMG
Sydney

29 March 2017

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	Note	2016 $000	2015 $000
Revenue			
Premium funding revenue		19,523	19,000
Management fee revenue	2	5,451	6,135
Investment & other income	3	1,538	518
Total revenue		**26,512**	**25,653**
Expenses			
Premium funding expense		(15,495)	(13,932)
Employee benefits		(3,992)	(3,913)
General and administration expenses		(1,471)	(1,791)
Finance costs	4	(2,446)	(2,501)
Total expenses		**(23,404)**	**(22,137)**
Profit before income tax		3,108	3,516
Income tax expense	6	(870)	(1,001)
Profit for the year net of tax		**2,238**	**2,515**
Total comprehensive income for the year net of tax		**2,238**	**2,515**

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 10 to 17.

Statement of Changes in Equity

For the year ended 31 December 2016

2016	**Issued share capital**	**Retained Earnings**	**Total Equity**
	$'000	**$'000**	**$'000**
At 1 January 2016	38,500	11,924	50,424
Profit for the year	-	2,238	2,238
Total comprehensive income for the year	-	2,238	2,238
At 31 December 2016	**38,500**	**14,162**	**52,662**

2015	**Issued share capital**	**Retained Earnings**	**Total Equity**
	$'000	**$'000**	**$'000**
At 1 January 2015	38,500	9,409	47,909
Profit for the year	-	2,515	2,515
Total comprehensive income for the year	-	2,515	2,515
At 31 December 2015	**38,500**	**11,924**	**50,424**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 10 to 17.

Statement of Financial Position

As at 31 December 2016

	Note	2016 $000	2015 $000
Current assets			
Cash		2,618	3,456
Loans and receivables	7	115,406	98,284
Other assets	9	8,958	7,280
Amounts due from related parties	11	746	1,105
Total current assets		**127,728**	**110,125**
Non-current assets			
Property, plant and equipment		617	688
Deferred tax asset	6	440	427
Total non-current assets		**1,057**	**1,115**
Total assets		**128,785**	**111,240**
Current liabilities			
Amounts due to related parties	11	74,935	60,443
Sundry creditors and accruals		1,188	373
Total current liabilities		**76,123**	**60,816**
Total liabilities		**76,123**	**60,816**
Net assets		**52,662**	**50,424**
Equity attributable to owners of the Parent			
Issued capital		38,500	38,500
Retained earnings		14,162	11,924
Total equity		**52,662**	**50,424**

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 10 to 17.

Statement of Cash Flows
As at 31 December 2016

	2016 $000	2015 $000
Cash flows from operating activities		
Premium funding revenue received	2,401	8,899
Premium funding expense paid	(15,495)	(13,932)
Other expenses paid	(805)	(2,797)
Income taxes paid	(884)	(4,078)
Interest paid	(2,444)	(2,501)
Interest income	1,538	518
Amounts paid to related parties	14,851	15,700
Net cash (outflow)/inflow from operating activities	**(838)**	**1,809**
Cash flows from investing activities		
Receipts from trading of investments	-	47
Net cash inflow from operating activities	**-**	**47**
Net (decrease)/increase in cash	**(838)**	**1,856**
Cash at the beginning of the year	**3,456**	**1,600**
Cash at the end of the year	**2,618**	**3,456**

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 10 to 17.

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Notes to the Financial Statements

For the year ended 31 December 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Allianz New Zealand Limited (the "Company") is a company incorporated and domiciled in New Zealand. The address of the Company's registered office is Level 11, Tower 1, 205 Queens Street, Auckland 1010, New Zealand.

The Company provides premium funding services to external customers, and administrative services to related entities, including Allianz Australia Insurance Limited – New Zealand Branch.

Certain items have been reclassified from the Company's prior year financial statements to conform with the current year's presentation.

The financial statements of the Company are as at and for the year ended 31 December 2016. The financial statements were authorised for issue at the date of this report.

(b) Basis of Preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with and comply with Generally Accepted Accounting Practice in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (NZ IFRS RDR), and other applicable financial reporting standards as appropriate for profit oriented entities. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013. The Company has adopted the Reduced Disclosure Regime framework for the financial year end 31 December 2016.

(ii) Basis of measurement

The financial statements are presented in New Zealand Dollars (NZD) which is the functional currency of the entity and comprise the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows, summary of significant accounting policies and notes to the financial statements. Unless otherwise indicated, amounts are rounded to the nearest thousand.

The financial statements are prepared on a historical cost basis, as modified by certain exceptions noted in the financial statements, with the principal exception being the measurement of financial assets designated at fair value through profit and loss and the measurement of the outstanding claims liability and related reinsurance recoveries as set out below.

(iii) Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions in respect to certain key assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) Changes in accounting standards

The following standards, amendments to standards and interpretations have been identified as those which may impact the Company in the period of initial application.

NZ IFRS 9 *Financial Instruments* was issued in November 2009 for financial assets, and was subsequently amended in December 2010 for financial liabilities.

NZ IFRS 9 reduces the classification of financial assets to 3 measurement categories: amortised cost, fair value through profit or loss or fair value through comprehensive income. The classification criteria for financial liabilities contained in NZ IFRS 139/IAS 39 *Financial Instruments: Recognition and Measurement* (i.e. amortised cost and fair value through profit or loss) are retained. However, an entity that designates financial liabilities as being measured at fair value through profit or loss are no longer able to present gains/losses from deterioration/improvement in an entity's own credit rating in profit or loss. Instead, such gains or losses will be presented in other comprehensive income ("OCI"). Amounts recognised in OCI will not be permitted to be transferred to profit or loss (even if the entity's own debt is repurchased and a gain or loss is crystallised).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting standards (continued)

NZ IFRS 15 *Revenue from Contracts with Customers* – the final standard has been issued and is effective for financial periods beginning on or after 1 January 2017 and has been adopted. NZ IFRS 15 replaces existing revenue recognition standards including NZ IAS18 *Revenue*, and provides a new framework for the timing of revenue recognition based on the satisfaction of an entity's performance obligations, and the measurement of the amount to recognise. The standard applies a five-step process to support this new framework, and also requires additional disclosures. This includes the disaggregation of revenue from contracts with customers and other sources to depict the nature, amount, timing and uncertainty of each revenue stream. In addition, disclosure of the entity's performance obligations with respect to contracts with customers is required, and any significant judgements in relation to the application of this standard.

The Company has made an initial assessment of the impact of this standard, and does not consider that it will cause a material impact on the results of the Company on adoption of the standard.

NZ IFRS 16 *Leases* – the final standard has been issued and is effective for financial periods beginning on or after 1 January 2019 and is expected to be applied on that date. The impact on the Company has not been fully evaluated. However leases that were previously considered 'off balance sheet' will now be recognised on the balance sheet as a lease asset and future payments as a financial liability, and therefore the main impact is a gross up of the statement of financial position for these items. In addition, a larger proportion of the expected total rental for the term of the lease will be recognised in the earlier stages of the lease, however the total expense incurred from a lease remains unchanged from current methods of measurement.

(d) Investment income

Investment income includes interest income from loans and receivables and is brought to account on an effective interest rate method. Investment income includes all realised gains and losses (refer (e) below).

(e) Receivables

Receivables include loans and receivables and other receivables provided to or due from third parties. Other receivables are carried at amortised cost, except where collection is doubtful, an impairment loss is recognised. Loans and receivables represent finance provided to external parties principally for insurance premiums and statutory charges and include interest due. Interest due is earned to provide a constant yield over the term of the loan. Unearned interest is included within unearned income. Due to the short term nature of other receivables held, its carrying amount approximates its fair value.

Loans and receivables are assessed monthly for impairment and are impaired after 90 days of falling due. Loans and receivables are written off once the company is certain that they are not collectable.

(f) Investments

All investment assets are to be recorded at fair value with movements being recognised in the statement of profit or loss and other comprehensive income. Purchases and sales of financial assets are accounted for at settlement.

(g) Taxation

The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate in New Zealand plus/minus prior years under/over provisions and plus/minus movements in the deferred tax balance except where the movement in deferred tax is attributable to a movement in reserves. Deferred tax is provided in full using the liability method.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities are settled, based on the national income tax rate in New Zealand. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either the accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Taxation

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Inland Revenue Department ("IRD"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of IRD included as part of current receivables and payables in the statement of financial position.

(h) Foreign currencies

Transactions and balances

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

(i) Leased assets

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as a liability and then recognised in the statement of profit or loss and other comprehensive income over the lease term as an integral part of the total lease expense. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Property, plant and equipment

The cost of purchased property plant and equipment is the value of the consideration paid to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location

Depreciation is charged on a straight line basis so as to write off the cost of the property, plant and equipment to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Office equipment, furniture and fittings:	5 years
Computer Equipment:	4 years
Leasehold Improvements:	8 years

(k) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long term service benefits

A liability for long term service benefits is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market determined risk-adjusted discount rates with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(l) Accounts payable and accruals

These amounts represent liabilities for goods and services provided to the Company prior to the end of the reporting period ,which are unpaid. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Due to the short term nature of accruals held, its carrying amount approximates its fair value.

Notes to the Financial Statements
For the year ended 31 December 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Cash

Cash is defined as cash at bank, on hand, bank overdrafts and cash equivalents, with an original maturity of 90 days or less. Cash equivalents include highly liquid investments such as short term deposits & bank accepted bills of exchange.

(n) Premium funding revenue

Premium funding revenue includes interest on loans issued to policyholders and is brought to account on an accruals basis.

(o) Management fee revenue

Management fee revenue includes reimbursement for expenses incurred for claims handling, administration and acquisition expenses. In addition a 7.5% management fee is charged. Management fee revenue is brought to account on an accruals basis.

(p) Finance costs

Finance costs represent interest charged on funds borrowed for the premium funding business and are brought to account on an accruals basis.

2. MANAGEMENT FEE REVENUE

Reimbursement of expenses relating to claims handling, administration and acquisition functions where services rendered on behalf of Allianz Australia Insurance Limited – New Zealand Branch. The reimbursement incorporates an additional 7.5% fee of expenses incurred, reflecting the costs of providing these management and administrative services.

	2016 $000	2015 $000
3. INVESTMENT AND OTHER INCOME		
Interest income	771	1,006
Realised gains/(losses) on revaluation of foreign currency denominated balances	767	(488)
Total investment and other income	**1,538**	**518**

4. FINANCE COSTS

Hunter Premium Funding - loan interest expense	2,446	2,501

5 AUDITOR'S REMUNERATION

	$	$
Audit of financial statements	25,000	25,000

Notes to the Financial Statements

For the year ended 31 December 2016

6. INCOME TAX EXPENSE

	2016	2015
	$'000	$'000
(i) Income tax expense		
Current tax expense	(883)	(956)
Movement in deferred tax	13	(45)
Total recognised income tax expense	**(870)**	**(1,001)**
(ii) Reconciliation of effective tax rate		
Profit before tax	3,108	3,516
Income tax at 28%	(870)	(984)
Non-deductible expense	-	(17)
Total income Tax expense	**(870)**	**(1,001)**
(iii) Deferred tax asset		
Tax effect @28% attributable to:		
Employee entitlements	76	87
Provision for doubtful debts	136	136
Lease incentive liability	4	4
Accounting carrying value of fixed assets	(173)	(193)
Tax base of fixed assets	216	237
Other provisions and accruals	181	156
Deferred tax asset	**440**	**427**

7. LOANS AND RECEIVABLES

Loans and receivables	121,055	103,591
Less: Unearned income	(5,162)	(4,820)
	115,893	**98,771**
Less: Provision for doubtful debt	(487)	(487)
Total loans and receivables	**115,406**	**98,284**

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Impairment
	$'000
Balance at 1 January 2015	487
Impairment loss recognised	12
Amounts written off	(12)
Balance at 31 December 2015	**487**
Impairment loss recognised	83
Amounts written off	(83)
Balance at 31 December 2016	**487**

Notes to the Financial Statements
For the year ended 31 December 2016

7. LOANS AND RECEIVABLES (CONTINUED)

Ageing of Receivables:

As at 31 December 2016 receivables of the Company with a nominal value of $487,000 (2015: $487,000) were impaired. The amount of the provision for impairment was $487,000 (2015: $487,000).

The ageing of these impaired receivables is as follow:

	2016	2015
	$'000	$'000
0 to 3 months	452	463
3 to 6 months	3	5
Over 6 months	32	19
Balance at 31 December	487	487

8. FINANCIAL ASSETS AND LIABILITIES

Receivables are carried at cost, which is not materially different to fair value, except where collection is doubtful and an impairment loss is recognised.

Liabilities are recognised at amortised cost with movements being recognised in the statement of profit or loss and other comprehensive income.

9. OTHER ASSETS

GST receivable	3,948	3,139
Income tax prepaid	2,069	1,930
Sundry debtors	502	608
Prepayments	2,439	1,603
Total other assets	**8,958**	**7,280**

10. CONTRIBUTED EQUITY

Balance at 1 January	38,500	38,500
Balance at 31 December	**38,500**	**38,500**

The company has 43,099,596 (2015: 43,099,596) ordinary fully paid shares. All shares have equal voting rights.

11. RELATED PARTIES

(a) The key management personnel of the Company consisted of the Directors of the Company.

(b) The names of each person holding the position of Director of the Company during or since the end of the reporting period are D.G. Hosking and T.E. Elisara (resigned 10 February 2017).

(c) The Company is a wholly owned controlled entity of Allianz Australia Limited. The Ultimate parent entity is Allianz SE, incorporated in Germany.

(d) A number of Directors of the Company, or their Director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

(e) The relationship between Allianz New Zealand Limited and its related parties is summaries in the table below:

Related Party	Relationship to Allianz New Zealand Limited
Allianz Australia Limited	Parent company, incorporated in Australia
Allianz Australia Insurance Limited	100% owned subsidiary of Allianz Australia Limited
Allianz Australia Insurance Limited – New Zealand Branch	Receives administrative services from the Company
Allianz Australia Services Limited	100% owned subsidiary of Allianz Australia Limited
Allianz SE	Ultimate parent entity of Allianz Australia Limited

(f) The following types of transactions have arisen between the Company and related entities:

i. Loan advances;
ii. Loan repayments;
iii. Fees for funds management services;
iv. Expenses incurred on their behalf and recharged; and
v. Fees for claims management services

(g) The company had the following transactions with related parties during the year:

	2016 $'000	2015 $'000
Outgoings		
Allianz Australia Insurance Limited in relation to interest on funds borrowed for the premium funding business	2,446	2,501
Income		
Allianz Australia Insurance Limited - New Zealand Branch for expenses incurred on their behalf, including a management fee of 7.5%	5,451	6,135

Notes to the Financial Statements

For the year ended 31 December 2016

11. RELATED PARTIES (CONTINUED)

(h) Balance with related parties as at 31 December 2016:

	2016 $	2015 $
Amounts due from related parties		
Euler Hermes New Zealand Limited	13,872	18,885
Primacy Underwriting Management Limited	732,292	579,036
Allianz Australia Services Pty Limited	-	507,166
Total Amounts due from related parties	**746,164**	**1,105,087**
Amounts due to related parties		
Allianz Australia Insurance Limited	67,623,897	57,375,908
Allianz Australia Insurance Limited - New Zealand Branch	6,515,608	2,292,728
Club Marine Limited	795,640	774,810
Total Amounts due to related parties	**74,935,145**	**60,443,446**

The amounts are unsecured and repayable on demand. The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis.

12. CONTINGENT LIABILITIES

The Company has no contingent liabilities at 31 December 2016 (2015: Nil).

13. CAPITAL COMMITMENTS

The Company has no commitment for future capital expenditure at 31 December 2016 (2015: Nil).

14. OPERATING LEASE COMMITMENTS

	$'000	$'000
Obligations payable after balance date on non cancellable operating leases are as follows:		
Not later than one year	404	351
Later than one year and not later than 5 years	952	1,234
Total Lease Commitments	**1,356**	**1,585**

The Company leases premises and motor vehicles. Operating leases held over properties give the Company the right to renew the lease subject to a re-calculation of the lease rental. There are no renewal options, or options to purchase in respect of operating leases of motor vehicles.

15. EVENTS SUBSEQUENT TO BALANCE DATE

There are no events subsequent to the balance date that would have a material effect on the Company's financial statements at 31 December 2016.