

**ALBA UNDERWRITING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**  
**COMPANY NUMBER 05775881**

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**ALBA UNDERWRITING LIMITED**  
**FINANCIAL STATEMENTS - 31 DECEMBER 2012**

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**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No 05775881**

**DIRECTORS' REPORT**

**For the year ended 31 December 2012**

The Directors of Alba Underwriting Limited ("AUL") present their report and the audited financial statements of the Company for the year ended 31 December 2012. These accounts are presented in US Dollars.

**DIRECTORS**

The Directors who served during the year were as follows:

Henry Colthurst	(resigned 28 February 2012)
Andrew Gibson	(appointed 6 March 2012, resigned 19 April 2013)
Richard Nice	(resigned 19 April 2013)

Michael Sampson and Leonard West were appointed as Directors to the Company on 19 April 2013.

**COMPANY SECRETARY**

The Company Secretary who served during the year was as follows:

Victoria Cuggy (resigned 19 April 2013)

Hackwood Secretaries Limited was appointed as Company Secretary on 19 April 2013.

**RESULT**

The result for the year ended 31 December 2012 is a loss of US \$0.5 million (2011 profit of US \$0.1 million).

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

**Trading review and future plans**

AUL forms part of a group of companies ("the Alba Group") whose main purpose was to underwrite at the Lloyd's of London insurance market via Lloyd's Syndicate no. 4455 ("the Syndicate"), which was established in June 2006 under the Lloyd's Asia Scheme in Singapore.

The Syndicate ceased to underwrite during September 2008 and on 11 May 2011, the Board of Equity Syndicate Management Limited ("ESML"), the managing agent of the Syndicate approved and settled a reinsurance to close ("RITC") with Chaucer Syndicate 1084. Following the payment of the RITC premium of US\$12,980,088, all claims liability undertaken by the Syndicate were reinsured into Syndicate 1084 with effect from 1 May 2011. On 31 December 2011, the Syndicate ceased to trade with the transfer of surplus funds to its Capital Providers. In July 2011, the Letter of Credit held within Funds at Lloyd's was cancelled with the agreement of Lloyd's.

The company will remain non-trading for the foreseeable future.

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No. 05775881**

**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 2012**

**PRINCIPAL ACTIVITY AND BUSINESS REVIEW (continued)**

**KEY PERFORMANCE INDICATORS**

AUL's key financial performance indicators, based upon its respective share of the Syndicate during the period were as follows.

	<b>2012</b>	<b>2011</b>	<b>Change</b>
	<b>US \$'000</b>	<b>US \$'000</b>	<b>%</b>
Gross written premiums	-	4	(100)%
Earned premiums	-	(12,408)	(100)%
Net claims incurred	-	12,103	(100)%
Expenses	<b>(518)</b>	30	(1827)%

**RESULTS AND DIVIDENDS**

The Directors do not propose the payment of a dividend (2011 US\$ Nil) The results for the year are set out on page 6

**GOING CONCERN**

The financial statements have been prepared on the going concern basis. The Company is dependant for its working capital on funds provided to it by IAG International Pty Limited (IAGI), a subsidiary of Insurance Australia Group Limited, which is the ultimate parent of both companies. IAGI has provided the directors with an undertaking that for a period of twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company up to a limit of US\$23,648,000. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. In addition, as regards the balance payable by the Company to IAGI amounting to US\$31,470,000 as at 31 December 2012, IAGI does not currently intend to demand repayment of the balance due for a period of twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

**EMPLOYEES**

During the year all staff were employed by Equity Insurance Management Limited ("EIML"), a member of the IAG UK Holdings Limited group of companies.

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made no political or charitable donations nor incurred any political expenditure during the year (2011 US\$ Nil)

**LIABILITY INSURANCE FOR COMPANY OFFICERS, GROUP DIRECTORS AND OFFICERS**

As permitted by the Companies Act 2006, the Group has maintained insurance cover for directors and officers against liabilities arising in relation to the Group.

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No. 05775881**

**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 2012**

**DISCLOSURE OF INFORMATION TO AUDITOR'S**

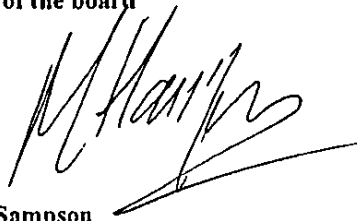
Each director at the date of the approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**AUDITOR'S**

Pursuant to Section 487 of the Companies Act 2006, the auditor's will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



**Michael Sampson**  
**Director**  
**c/o Hackwood Secretaries Limited**  
**One Silk Street**  
**London**  
**EC2Y 8HQ**

**27 September 2013**

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No 05775881**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'  
REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS's as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No 5775881**

**INDEPENDENT AUDITOR'S REPORT**

**To the members of Alba Underwriting Limited**

We have audited the financial statements of Alba Underwriting Limited for the year ended 31 December 2012, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

**In our opinion the financial statements:**

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Stuart Crisp (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
27 September 2013

15 Canada Square  
London  
E14 5GL  
United Kingdom

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No. 05775881**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2012**

		<b>2012</b>	<b>2011</b>
	<b>Note</b>	<b>US \$'000</b>	<b>US \$'000</b>
<b>Earned premiums, net of reinsurance</b>			
Gross premium written	2	-	4
Written premiums ceded to reinsurers		-	(12,358)
Net written premium		-	(12,354)
Change in the gross provision for gross unearned premiums		-	19
Reinsurer's share of change in the provision for unearned premiums		-	(73)
Change in net provision for unearned premiums		-	(54)
<b>Net earned premiums</b>		-	(12,408)
Net investment income	6	1	157
Other Income		-	222
<b>Revenue</b>		<b>1</b>	<b>(12,029)</b>
Gross incurred claims		-	13,202
Reinsurance share of incurred claims		-	(1,099)
<b>Net insurance claims settlement expenses</b>		<b>-</b>	<b>12,103</b>
Expenses for the acquisition of insurance		(49)	11
Administration expenses		(470)	(66)
Other costs		-	85
<b>Total expenses</b>	3	<b>(518)</b>	<b>30</b>
<b>(Loss)/profit before tax</b>		<b>(517)</b>	<b>104</b>
Tax	7	-	(12)
<b>Total recognised (loss)/gain for the year</b>	13	<b>(517)</b>	<b>92</b>

All amounts relate to discontinuing activities

There are no recognised gains or losses other than the (loss)/profit above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 9 to 18 form an integral part of these financial statements



**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No 05775881**

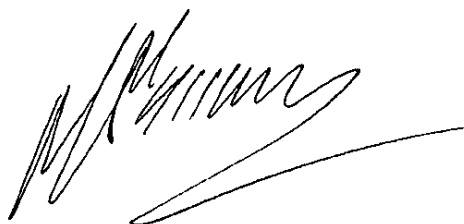
**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2012**

	Note	2012 US \$'000	2011 US \$'000
<b>Assets</b>			
Cash and cash equivalents		-	24
Receivables	9	8,237	8,535
<b>Total assets</b>		<u>8,237</u>	<u>8,559</u>
<b>Liabilities</b>			
Called up share capital	11	-	-
Retained earnings	13	(23,648)	(23,131)
<b>Total equity and reserves</b>		<u>(23,648)</u>	<u>(23,131)</u>
<b>Creditors</b>	14	31,885	31,690
<b>Total liabilities</b>		<u>8,237</u>	<u>8,559</u>

These financial statements on pages 6 to 18 were approved by the board of directors on 27 September and signed on its behalf by

**Michael Sampson**  
**Director**  
**27 September 2013**



The notes on pages 9 to 18 form an integral part of these financial statements

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No. 05775881**

**STATEMENT OF CASH FLOWS**  
**As at 31 December 2012**

	Note	2012 US \$'000	2011 US \$'000
<b>Cash flows from operations</b>	10	(109)	(13,467)
<b>Cash flows from investing activities</b>			
Interest received		1	157
Net cash from investing activities		1	157
<b>Cash flows from financing activities</b>			
Repayment of borrowings		84	(6,473)
Distribution to Syndicate		-	-
Net cash flows from financing activities		84	(6,473)
Net movement in cash and cash equivalents		(24)	(19,783)
Cash and cash equivalents at beginning of period		24	19,807
<b>Cash and cash equivalents at end of period</b>		-	24

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Note	Share Capital US \$'000	Retained Earnings US \$'000	Total US \$'000
<b>As at 1 January 2011</b>	11,13	-	(23,223)	(23,223)
Profit for the financial year		-	92	92
<b>As at 31 December 2011</b>	11, 13	-	(23,131)	(23,131)
<b>As at 1 January 2012</b>		-	(23,131)	(23,131)
Loss for the financial year		-	(517)	(517)
<b>As at 31 December 2012</b>	11, 13	-	(23,648)	(23,648)

The notes on pages 9 to 18 form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2012**

**1 STATEMENT OF ACCOUNTING POLICIES**

**Basis of preparation**

The Company is incorporated in England & Wales and has elected to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union (EU) and the requirements of the Companies Act 2006. The financial statements comply with Article 4 of the EU IAS regulation.

The financial statements have been prepared on the going concern basis. The Company is dependant for its working capital on funds provided to it by IAGI. IAGI has provided the directors with an undertaking that for a period of twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company up to a limit of US\$23,648,000. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. In addition, as regards the balance payable by the Company to IAGI amounting to US\$31,470,000 as at 31 December 2012, IAGI does not currently intend to demand repayment of the balance due for a period of twelve months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The financial statements have been prepared on the historical cost basis except for financial investments, which are measured at their fair value. The currency of the primary economic environment in which Syndicate 4455 operates is the US Dollar. As the results of AUL are almost entirely reflective of those of Syndicate 4455, the presentation currency for these accounts is also US Dollars. The results of Syndicate 4455 are prepared under UK GAAP (UK Generally Accepted Accounting Practice) and are converted into IFRS for presentation in AUL's financial statements.

**Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

**a. Premiums written**

Premiums written comprise premiums on contracts inception during the financial year as well as adjustments made in the year to premiums written in prior accounting periods. Premiums are shown gross of brokerage payable and exclude taxes and duties levied on them.

**b. Unearned premiums**

Written premiums are recognised as earned according to the risk profile of the policy. Unearned premiums represent the proportion of gross and reinsurers share of premiums written in the year that relate to the unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2012**

**1 STATEMENT OF ACCOUNTING POLICIES (continued)**

**c Reinsurance premium ceded**

Outward reinsurance premiums are accounted for in the same accounting year as the related direct or inwards business being reinsured

**d Claims provisions and related recoveries**

Gross claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years

The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims incurred but not reported ('IBNR') at the reporting date based on statistical methods. These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. The reinsurers' share of provisions for claims is based on the amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts, having regard to the reinsurance programme in place for the class of business, the claims experience for the year and the current security rating of the reinsurance companies involved. A number of statistical methods are used to assist in making these estimates.

The most critical assumption as regards claims provisions is that the past is a reasonable predictor of the likely level of claims development.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events which may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision established in prior years are reflected in the financial statements for the year in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly.

**e. Unexpired risk provision**

A provision for unexpired risks is made where claims and related expenses arising after the end of the financial year in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

The provision for unexpired risks is calculated by reference to classes of business which are managed together, after taking into account relevant investment return.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2012**

**1 STATEMENT OF ACCOUNTING POLICIES (continued)**

**f. Foreign currencies**

AUL presents its accounts in US Dollars since the net assets, liabilities and income are currently weighted towards US Dollars. Both Syndicate 4455 and AUL have adopted US Dollars as their functional currency.

Income and expenditure in Sterling and Singaporean dollars are translated at average rates of exchange for the period. Transactions denominated in other foreign currencies are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities are translated into US Dollars at the rates of exchange at the reporting date. Non-monetary assets and liabilities are translated at the average rate prevailing in the period in which the asset or liability first arose.

**g. Financial instruments**

Financial instruments are recognised in the statement of financial position at such time that the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets expire, or where the financial assets have been transferred, together with substantially all the risks and rewards of ownership. Financial liabilities are derecognised if the Company's obligations specified in the contract expire, are discharged or cancelled.

**h. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans and receivables are initially recognised at fair value plus incremental direct transaction costs, and are subsequently measured at their amortised cost less any impairments using the effective interest method.

**i. Other financial assets and liabilities**

Other financial assets are recognised when due with any associated transaction costs being expensed through the technical account. They are measured at amortised cost less any provision for impairments.

Other financial liabilities are stated at amortised cost.

**j. Net investment income**

Investment income comprises dividends, interest, realised and unrealised gains and losses on assets.

**k. Taxation**

The charge for taxation is based on the result for the year at current rates of tax.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by IAS 12.

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No. 05775881**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2012**

**2 REVENUE**

All premiums were written in Singapore

**3 NET OPERATING EXPENSES**

	2012 US \$'000	2011 US \$'000
Acquisition of insurance	(49)	11
Administration expenses	(469)	(66)
Sundry costs	-	85
	<u>(518)</u>	<u>30</u>

Professional fees in respect of audit services of US\$93,870 (2011 US\$7,750) have been incurred by EIML on behalf of AUL. Audit fees of US\$14,000 (2011 Nil) relating to the audit of AUL have been borne by IAGI and not recharged to the company

**4 DIRECTORS' EMOLUMENTS**

None of the directors received any remuneration or pension contributions from AUL during the period, as they were employed by other group companies. A one-off payment of GBP 42,735 (2011 Nil) was made to one of the directors of AU2 by EIML following successful settlement of the RITC

**5 EMPLOYEE BENEFIT EXPENSES**

During the year all staff were employed by Equity Insurance Management Limited ("EIML"), a member of the IAG UK Holdings Limited group of companies

There were no recharges of salary costs in 2012 (2011 Nil)

**6 NET INVESTMENT INCOME**

	2012 US \$'000	2011 US \$'000
Interest income from cash and cash equivalents	<u>1</u>	<u>157</u>
<b>Total net investment income</b>	<u><u>1</u></u>	<u><u>157</u></u>

**ALBA UNDERWRITING LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2012

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of charge for the year**

	2012 US \$'000	2011 US \$'000
Current tax.		
Current tax on result for the year	-	615
Deferred tax		
Origination and reversal of timing differences	-	(603)
Total tax charge on profit on ordinary activities	<u>-</u>	<u>12</u>

**(b) Factors affecting tax charge for the year**

	2012 US \$'000	2011 US \$'000
(Loss)/profit on ordinary activities before taxation	<u>(518)</u>	<u>104</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(127)	27
Effects of		
Underwriting result not falling into tax	-	31
Underwriting result falling into tax	-	567
Increase/(utilisation) of tax losses brought forward	127	(10)
Deferred tax charge (note 8)	-	(603)
Total tax charge for the year	<u>-</u>	<u>12</u>

**ALBA UNDERWRITING LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2012**

**8 DEFERRED TAX**

	2012 US \$'000	2011 US \$'000
Total deferred tax charge in profit and loss account	-	603
Provision at start of the year	<u>26</u>	<u>(577)</u>
Deferred tax asset at end of year	<u><u>26</u></u>	<u><u>26</u></u>

The amounts provided in respect of deferred taxation are as follows

	2012 US \$'000	2011 US \$'000
Underwriting profit on years of account	<u><u>26</u></u>	<u><u>26</u></u>

The underwriting losses are expected to be utilised within fellow group undertakings as part of the IAG tax offsetting procedures

**9 RECEIVABLES**

	2012 US \$'000	2011 US \$'000
Insurance receivables	-	-
Loans and receivables	-	267
Amounts due from group undertakings	<u>8,237</u>	<u>8,268</u>
Total receivables	<u><u>8,237</u></u>	<u><u>8,535</u></u>

Total receivables are all due within twelve months

Amounts due from group undertakings includes a deferred tax asset of \$26k (2011 \$26k)



**ALBA UNDERWRITING LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2012**

**10 CASH FLOW FROM OPERATIONS**

	2012 US \$'000	2011 US \$'000
Profit before tax	(517)	104
(Decrease) in outstanding claims	-	(14,137)
(Decrease) in unearned premium	-	(19)
Other non-cash movements	-	(8)
Interest received	(1)	(157)
	<u>(518)</u>	<u>(14,217)</u>
Decrease/(increase) in insurance receivable	-	172
Decrease in loans and receivables	298	261
Decrease in reinsurers' share of technical provisions	-	1,211
(Decrease) in creditors from insurance operations	-	(1,198)
Increase/(decrease) in trade and other payables	111	304
	<u>(109)</u>	<u>(13,467)</u>

**11 CALLED UP SHARE CAPITAL AND SHARE PREMIUM**

	2012 US \$	2011 US \$
Authorised		
1 ordinary shares of £1 each	<u>2</u>	<u>2</u>
Allotted, issued and fully paid		
1 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**ALBA UNDERWRITING LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2012**

**12 TECHNICAL PROVISIONS**

<b>Year Ended</b> <b>31 December 2012</b>	<b>Gross</b> <b>US \$'000</b>	<b>Reinsurance</b> <b>US \$'000</b>	<b>Net</b> <b>US \$'000</b>
<b>Provision for unearned premium</b>			
Balance brought forward	-	-	-
Release in the year	-	-	-
Balance carried forward	-	-	-
<b>Claims outstanding</b>			
Balance brought forward	-	-	-
Claims paid	-	-	-
Change in claims	-	-	-
Balance carried forward	-	-	-
<b>Year Ended</b> <b>31 December 2011</b>			
<b>Provision for unearned premium</b>			
Balance brought forward	19	(73)	(54)
Release in the year	(19)	73	54
Balance carried forward	-	-	-
<b>Claims outstanding</b>			
Balance brought forward	14,137	(1,138)	12,999
Claims paid	819	(39)	780
Change in claims	(14,956)	1,177	(13,779)
Balance carried forward	-	-	-

**ALBA UNDERWRITING LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2012**

**13 RETAINED EARNINGS**

	2012 US \$'000	2011 US \$'000
Balance at 1 January	(23,131)	(23,223)
(Loss)/profit for the financial year	(517)	92
Balance at 31 December	<u>(23,648)</u>	<u>(23,131)</u>

**14 CREDITORS**

	2012 US \$'000	2011 US \$'000
Other creditors	403	292
Corporation tax	12	12
Amounts due to group undertakings	<u>31,470</u>	<u>31,386</u>
Total creditors	<u>31,885</u>	<u>31,690</u>
Amounts due within 12 months	415	304
Amounts due after 12 months	<u>31,470</u>	<u>31,386</u>
Total creditors	<u>31,885</u>	<u>31,690</u>

Of amounts due to group undertakings, US\$31,470,000 (2011 US\$31,386,000) is due to IAGI, who does not currently intend to demand repayment of the balance due for a period of twelve months from the date of approval of these financial statements

**ALBA UNDERWRITING LIMITED**  
**COMPANY REGISTRATION No 05775881**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 December 2012**

**15 RELATED PARTY TRANSACTIONS**

AUL forms part of a group of companies known as the Alba Group. AUL and AU2 are both part of this group, whose main purpose was to underwrite at the Lloyd's of London insurance market via Lloyd's Syndicate 4455. Syndicate 4455 ceased to trade on 31 December 2011.

**16 ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Alba Group Pte Limited, a company registered in Singapore.

The ultimate parent Company is IAG, a company registered and listed in Australia. IAG prepares consolidated financial statements and these are publicly available. Insurance Australia Group Limited's registered address is 388 George Street, Sydney, NSW 2000, Australia.

**17 FUNDS AT LLOYD'S**

The Company, as a corporate underwriting member of Lloyd's, was required to hold capital at Lloyd's, which is held in trust and known as Funds at Lloyd's ("FAL"). These funds are intended primarily to cover circumstances where Syndicate assets prove insufficient to meet the Company's underwriting liabilities. The Company's FAL was provided by IAGI and was released in the year (2011 FAL amounted to US\$1.3 million).