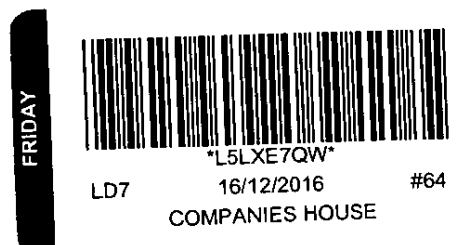


138 446 } 10  
138 449 } 10

## **St James Fleet Investments Two Limited**

**Annual Report and Financial Statements  
For the year ended 31 December 2015**

**Registered Number: CR92459 (Registrar of Companies for Cayman Islands)  
Company Number: FC22079 (Registrar of Companies for England and Wales)**



## **ST JAMES FLEET INVESTMENTS TWO LIMITED**

### **Directors' report**

**For the year ended 31 December 2015**

The directors present this annual report together with the audited financial statements and auditor's report of St James Fleet Investments Two Limited ("UK2" and the "Company") for the year ended 31 December 2015

### **Strategic report**

The Company qualifies as a small company as defined in s382 of the Companies Act 2006 and is exempt from the preparation of a strategic report as defined by the Companies Act 2006 (Strategic Report and Directors' Report) regulations 2013 no 1970

### **Residence**

The Company is incorporated in the Cayman Islands and in the UK. The Company is resident in the UK for the purposes of UK taxation. As a result of this, the Company is required to prepare audited financial statements in accordance with the provisions of the Companies Act 2006 applicable to overseas companies.

### **Principal activities**

The Company was incorporated on 09 September 1999 (registration number CR92459), and is part of the MetLife, Inc group of companies, whose head office is located in New York, USA.

The principal activities of the Company are to acquire, invest, hold and sell shares, stocks, debentures, debenture stock, scrip, bonds, notes and securities held in a wholly-owned subsidiary. The Company is the parent of Park Twenty Three Investments Company ("UK3"), which carries out the same activities as UK2.

### **Future Developments**

No significant change for the Group (representing the Company and its subsidiary, UK3) or the Company's operations are envisaged in the foreseeable future.

### **Results, dividends and review of business**

During the year ended 31 December 2015 the Company had a loss on ordinary activities after taxation of £116,045k (year ended 31 December 2014 the Company had a loss on ordinary activities loss after taxation of £244,808k). At 31 December 2015, the Company's shareholder's funds were £2,904,771k (31 December 2014 £2,904,594k).

There were no dividends recommended or paid by the Company to its parent, Metropolitan Life Insurance Company ("MLIC"), during the years ended 31 December 2015 and 2014.

### **Financial risk management, objective and policy**

The Company's primary investment is its indirect ownership interest in OMI MLIC Investments Limited ("OMI"), a subsidiary of Convent Station Euro Investments Four Company ("UK4"). UK4 is a wholly-owned subsidiary of UK3. The Company's risk is mitigated by forward transfer agreements between its subsidiaries UK3 and UK4 and between UK3 and the ultimate parent company, MLIC. The forward transfer agreements reduce the risk of the Company by ultimately enabling the Company to sell its indirect ownership interest in OMI for a fixed price. The following describes the investment risks of OMI.

OMI's investments are exposed to five primary sources of risk: credit, interest rate, liquidity, foreign currency translation and market valuation. The financial statement risks, stemming from such investment risks, are those associated with the recognition of impairments, the recognition of income on certain investments and the determination of fair values.

## **ST JAMES FLEET INVESTMENTS TWO LIMITED**

### **Directors' report (continued)**

**For the year ended 31 December 2015**

#### **Financial risk management, objective and policy (continued)**

The determination of the amount of allowances and impairments, as applicable, are completed by investment type. The determination of such allowances and impairments is highly subjective and is based upon the Company's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised.

The recognition of income on certain investments (e.g. loan-backed securities including mortgage-backed and asset-backed securities, certain investment transactions, etc.) is dependent upon market conditions, which could result in prepayments and changes in amounts to be earned.

The fair values of publicly held fixed maturity securities and publicly held equity securities are based on quoted market prices or estimates from independent pricing services. However, in cases where quoted market prices are not available, such as for private fixed maturity securities, fair values are estimated using present value or other valuation techniques. The determination of fair values is based on (i) valuation methodologies, (ii) securities the Company deems to be comparable, and (iii) assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgements about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty.

Factors considered in estimating fair value include coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer, and quoted market prices of comparable securities.

The use of different methodologies and assumptions as to the timing and amount of impairments, recognition of income and the determination of the fair value of investments may have a material effect on the amounts presented within the financial statements.

#### **Financial instruments**

The Company holds financial instrument assets in the form of shares in a related company. The directors are satisfied that this does not expose the Company to undue risk.

#### **Going concern**

After making enquiries, including those on the facts disclosed in note 3 to the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors**

The directors of the Company during the year, together with their dates of appointment, are as shown below:

Director	Hubert Penot	Appointment Date	9 November 2005
Director	David Lindstrom	Appointment Date	2 November 2011
Director	Edward Palmer	Appointment Date	2 November 2011

The directors have no interests in the shares of the Company.

## **ST JAMES FLEET INVESTMENTS TWO LIMITED**

**Directors' report (continued)**  
**For the year ended 31 December 2015**

### **Registered office**

Maples and Calder Limited  
Ugland House  
South Church Street, George Town  
P O Box 309  
Grand Cayman, Cayman Islands  
British West Indies

### **Auditor**

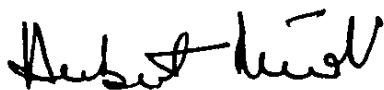
Each of the persons who is a director at the date of approval of this report confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- (b) the directors have taken all the steps that he/she ought to have taken as directors in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the directors and signed on their behalf by



Hubert Penot  
Director  
Maples and Calder Limited  
Ugland House  
South Church Street, George Town  
P O Box 309  
Grand Cayman, Cayman Islands  
British West Indies  
12 December 2016

## **ST JAMES FLEET INVESTMENTS TWO LIMITED**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council. 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

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and accounting estimates that are reasonable and prudent,
- (c) state whether applicable UK accounting standards have been followed, and
- (d) 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JAMES FLEET INVESTMENTS TWO LIMITED**

We have audited the financial statements of St James Fleet Investments Two Limited (the "Company") for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, 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) and the provisions of the Companies Act 2006 applicable to overseas companies. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 applicable to overseas companies.

### **Emphasis of matter - U S Generally Accepted Accounting Principles**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 20 to the financial statements concerning the nature and effect of differences between United Kingdom Generally Accepted Accounting Practice (including FRS 101) and U S Generally Accepted Accounting Principles. Accounting principles generally accepted in the United Kingdom (including FRS 101) vary in certain significant respects from accounting principles generally accepted in the United States of America.

### **Opinion on other matter prescribed by the Companies Act 2006 applicable to overseas companies**

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST JAMES FLEET INVESTMENTS TWO LIMITED**  
**(continued)**

**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, or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report



Eleanor Gill (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
12 December 2016

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Statement of Comprehensive Income For the year ended 31 December 2015

	Notes	2015 £ '000	Restated 2014 £ '000
<b>Income</b>			
Net investment loss	4	(116,117)	(244,898)
Foreign currency translation gains		112	138
<b>Total loss</b>		<b>(116,005)</b>	<b>(244,760)</b>
<b>Expenses</b>			
Operating and administrative expenses	5	(21)	(23)
<b>Total expenses</b>		<b>(21)</b>	<b>(23)</b>
<b>Loss before taxation</b>		<b>(116,026)</b>	<b>(244,783)</b>
Taxation	8	(19)	(25)
<b>Loss for the year</b>		<b>(116,045)</b>	<b>(244,808)</b>
<b>Other comprehensive income</b>			
Investment revaluation movement	10	(32,939)	88,622
Currency translation movement	11	149,161	156,505
<b>Other comprehensive income for the year</b>		<b>116,222</b>	<b>245,127</b>
<b>Total comprehensive income for the year</b>		<b>177</b>	<b>319</b>

The accompanying notes form an integral part of the Statement of Comprehensive Income



# ST JAMES FLEET INVESTMENTS TWO LIMITED

## Statement of Financial Position at 31 December 2015

	Notes	2015 £ '000	Restated 2014 £ '000
<b>Assets</b>			
Investment in subsidiary	12	2,901,713	2,901,584
Receivables and other assets	13	-	1
Cash at bank		3,118	3,029
<b>Total assets</b>		<b>2,904,831</b>	<b>2,904,614</b>
<b>Equity</b>			
Issued capital	14	649,619	649,619
Share premium account	15	2,206,049	2,206,049
Investment revaluation	10	219,189	252,128
Foreign currency translation reserve	11	343,345	194,184
Retained earnings	16	(513,431)	(397,386)
<b>Total equity</b>		<b>2,904,771</b>	<b>2,904,594</b>
<b>Liabilities</b>			
Trade and other payables	17	60	20
<b>Total liabilities</b>		<b>60</b>	<b>20</b>
<b>Total equity and liabilities</b>		<b>2,904,831</b>	<b>2,904,614</b>

The notes form an integral part of the Statement of Financial Position

The financial statements were approved by the Board of Directors and authorised for issue on 12 December 2016 and were signed on its behalf by



Hubert Penot  
Director

Registered Number CR92459 (Registrar of Companies for Cayman Islands)  
Company Number FC22079 (Registrar of Companies for England and Wales)

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Statement of Changes in Equity For the financial year ended 31 December 2015

	Issued capital	Share premium account	Investment revaluation	Foreign currency translation reserve	Retained earnings	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Balance at 1 January 2014</b>	649,619	2,206,049	163,506	37,679	(152,578)	2,904,275
Loss for the year	-	-	-	-	(244,808)	(244,808)
Other comprehensive income for the year	-	-	88,622	156,505	-	245,127
<b>Balance at 31 December 2014</b>	649,619	2,206,049	252,128	194,184	(397,386)	2,904,594
Loss for the year	-	-	-	-	(116,045)	(116,045)
Other comprehensive (loss) income for the year	-	-	(32,939)	149,161	-	116,222
<b>Balance at 31 December 2015</b>	649,619	2,206,049	219,189	343,345	(513,431)	2,904,771

# ST JAMES FLEET INVESTMENTS TWO LIMITED

## Notes to the Financial Statements

### 1 General information

The Company is incorporated in the Cayman Islands. The Company has relocated its management and control to the United Kingdom ("UK") and is a resident in the UK for the purposes of UK taxation. As a result of this, the Company is required to prepare audited financial statements in accordance with the provisions of the Companies Act 2006 applicable to overseas companies.

The Company was incorporated on 09 September 1999, and is part of the MetLife, Inc. group of companies, whose head office is located in New York, USA.

### 2. Application of Financial Reporting Standard 101 (FRS 101)

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 ("FRS 101") issued by the Financial Reporting Council. The exemption applies to the Company as it is more than 90 percent owned by MetLife, Inc., which prepares consolidated financial statements which include the results of the Company, and which are publicly available. Accordingly, in the year ended 31 December 2015, the Company has undergone transition from reporting under U.K. GAAP adopted by the United Kingdom to FRS 101 as issued by the Financial Reporting Council, with retrospective revaluation of prior year numbers. The change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with U.K. GAAP. Consequently the principal accounting policies are unchanged from the prior year.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 statement of financial position at 1 January 2014 (the Company's date of transition). In preparing its opening FRS 101 statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with U.K. GAAP. An explanation of how the transition from U.K. GAAP to FRS 101 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

	Year ended 31 December 2014 £ '000
Profit in accordance with U.K. GAAP	92
Loss from investment in subsidiary (a)	(244,900)
Net loss attributable to the shareholder in accordance with FRS 101	(244,808)

	31 December 2014 £ '000
Shareholder's equity in accordance with U.K. GAAP	2,900,947
Fair value gain on investment in subsidiary (a)	3,647
Shareholder's equity in accordance with FRS 101	2,904,594

- (a) Loss from investment in subsidiary – Under U.K. GAAP, the Company held its investment in UK3, a wholly-owned subsidiary, on a cost basis. Under FRS 101, the investment in subsidiary is recorded using the equity method. Gains and losses from the subsidiary are reported within earnings and changes in other comprehensive income are recorded in investment revaluation in the period in which they arise.

## **ST JAMES FLEET INVESTMENTS TWO LIMITED**

### **Notes to the Financial Statements**

#### **2 Application of Financial Reporting Standard 101 (FRS 101) (continued)**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to related party transactions, the presentation of an opening balance sheet, the presentation of a cash flow statement and the presentation of consolidated financial statements and a strategic report

#### **3 Significant accounting policies**

##### **Going concern**

The going concern basis remains appropriate as the Company remains a viable entity as it can fund its minimal operating costs as a holding company with its cash position and is expected to continue operations

##### **Basis of accounting**

The financial statements have been prepared in accordance with the Companies Act 2006, Financial Reporting Standard 100 ("FRS 100") – Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") – Reduced Disclosure Framework. Where FRS 101 does not contain clear guidance governing the accounting treatment of certain transactions, FRS 100 permits reference to another comprehensive body of accounting principles that uses a similar conceptual framework.

The financial statements have been prepared on a historical cost basis. The financial statements have been prepared using the accrual basis of accounting. The principal accounting policies adopted are set out below.

##### **Foreign currency**

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency, the pound sterling, are recorded at the rates of exchange prevailing at the dates of the transaction or average monthly rates of exchange. At each Statement of Financial Position date, monetary items denominated in foreign currencies are revalued at the rates prevailing at the Statement of Financial Position date. Non-monetary items are carried at fair value that are denominated in foreign currencies are revalued at the rates prevailing at the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not revalued. Exchange differences are recognised in the Statement of Comprehensive Income in the period in which they arise except when they relate to items for which gains and losses are recognised in equity.

##### **Investment in subsidiary**

Investment in subsidiary is accounted for using the equity method of accounting. The Company uses the equity method when it has significant influence or at least 20% interest. Earnings of such subsidiaries are recognised in net investment loss. In addition, the Company makes adjustments to the carrying value for changes in other comprehensive income which are recognised in the Statement of Financial Position as investment revaluation.

##### **Net investment loss**

The Company owns 100% of UK3, therefore it recognises 100% of its subsidiary earnings in net investment loss.

##### **Financial instruments**

Financial assets and liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. All financial instruments reported at fair value are measured based on exit price.

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 3 Significant accounting policies (continued)

##### Financial instruments (continued)

###### Receivables and other assets

Receivables and other assets comprise short-term receivables which are recorded at cost less any irrecoverable amounts and equates to the fair value of these assets

###### Trade and other payables

Trade and other payables comprise short-term payables which are recorded at cost and are an approximation of the fair value of these assets

###### Cash at bank

Cash at bank comprise cash on hand and demand deposits. The carrying value of these assets approximates to fair value

##### Taxation

###### Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

##### Cash flow statement

The Company has taken advantage of the exemption provided by FRS 101 paragraph (8)(h) not to prepare a cash flow statement

#### 4. Net investment loss

	Year ended 31 December 2015 £ '000	Year ended 31 December 2014 £ '000
Loss on investment in subsidiary, UK3	(116,119)	(244,900)
Miscellaneous interest income	2	2
	<u>(116,117)</u>	<u>(244,898)</u>

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 5 Operating and administrative expenses

	Year ended 31 December 2015 £ '000	Year ended 31 December 2014 £ '000
Auditor fees	21	20
Operating expenses	-	3
	<u>21</u>	<u>23</u>

#### 6 Directors' fees

The Company has no employees. The directors of the Company are employed by other entities within the MetLife, Inc., Group and receive no remuneration for their services to the Company.

#### 7 Auditors' remuneration

	Year ended 31 December 2015 £ '000	Year ended 31 December 2014 £ '000
Auditor remuneration		
Fees payable to the Company's auditor for the audit of the Company's financial statements	20	20
Fees payable to the Company's auditor for other services to the Company	1	-
	<u>21</u>	<u>20</u>

Audit fees for the audit of the Company of £21k (31 December 2014: £20k) are paid by the intermediate company, MLIC, a company incorporated in the United States of America.

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 8 Tax on loss from ordinary activities

	Year ended 31 December 2015 £ '000	Year ended 31 December 2014 £ '000
Current tax		
United Kingdom taxation on income for the year	19	25
Tax charge on loss from ordinary activities	<u>19</u>	<u>25</u>
Loss on ordinary activities before taxation	(116,026)	(244,783)
Loss on ordinary activities at standard rate of corporation tax in the UK of 20 25% (2014 21 5%)	<u>(23,495)</u>	<u>(52,628)</u>
Effects of Nondeductible losses	23,514	52,653
Tax charge on loss from ordinary activities	<u>19</u>	<u>25</u>

#### 9 Dividends paid

There were no dividends recommended or paid by the Company to its parent during the years ended 31 December 2015 and 31 December 2014

#### 10 Investment revaluation

The investment revaluation consists of the Company's share of OMI's other comprehensive income

	2015 £ '000	2014 £ '000
Opening balance 1 January	252,128	163,506
Current year movement	<u>(32,939)</u>	<u>88,622</u>
Closing balance 31 December	<u>219,189</u>	<u>252,128</u>

# ST JAMES FLEET INVESTMENTS TWO LIMITED

## Notes to the Financial Statements (continued)

### 11 Foreign currency translation reserve

	2015 £ '000	2014 £ '000
Opening balance 1 January	194,184	37,679
Current year movement	149,161	156,505
Closing balance 31 December	<u>343,345</u>	<u>194,184</u>

### 12 Investment in subsidiary

The Company's investments relate entirely to its investment in UK3

#### Investment in fellow subsidiary

	2015 £ '000	2014 £ '000
Opening balance 1 January	2,901,583	2,901,356
Loss from UK3	(116,119)	(244,899)
Investment revaluation	(32,878)	88,663
Currency translation adjustment	149,127	156,463
Closing balance 31 December	<u>2,901,713</u>	<u>2,901,583</u>

The Company is the sole shareholder of UK3's ordinary share capital. At both 31 December 2015 and 2014, the Company held 100% of the ordinary share capital and voting rights of UK3. UK3 is incorporated in the United Kingdom and registered in England and Wales. UK3 is the sole shareholder of UK4's ordinary share capital, and UK4 is the sole shareholder of OMI's ordinary share capital. OMI is incorporated in the Cayman Islands. The principal activities of OMI are to acquire, invest, hold and sell shares, stocks, debentures, debenture stock, scrip, bonds, notes and securities.

### 13 Receivables and other assets

	31 December 2015 £ '000	31 December 2014 £ '000
Current tax receivable	-	1
	<u>-</u>	<u>1</u>



## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 14 Called up share capital

	31 December 2015 £ '000	31 December 2014 £ '000
Allotted and fully paid		
649,619,017 Ordinary Shares of £1.00 each	649,619	649,619
	<u>649,619</u>	<u>649,619</u>

#### 15 Share premium account

	2015 £ '000	2014 £ '000
At the beginning of the year	2,206,049	2,206,049
At the end of the year	<u>2,206,049</u>	<u>2,206,049</u>

#### 16 Reconciliation of movement in equity

	2015 £ '000	2014 £ '000
Loss for the financial year	(116,045)	(244,808)
Retained loss for the year	<u>(116,045)</u>	<u>(244,808)</u>
Opening profit and loss account	(397,386)	(152,578)
Closing profit and loss account	<u>(513,431)</u>	<u>(397,386)</u>
Retained profit for the year	(116,045)	(244,808)
Other comprehensive income	116,222	245,127
Opening equity shareholder's funds	2,904,594	2,904,275
Closing equity shareholder's funds	<u>2,904,771</u>	<u>2,904,594</u>

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 17. Trade and other payables

	31 December 2015 £ '000	31 December 2014 £ '000
Auditor fees	42	20
Corporate taxation	18	-
Total trade and other payables	60	20

#### 18 Parent and ultimate parent company

The Company is 100% owned by MLIC, which is incorporated in the United States of America. The ultimate parent company is MetLife Inc, a company also incorporated in the United States of America. MetLife Inc's registered office is 200 Park Avenue, New York, NY 10166, United States of America.

The immediate parent undertaking of the smallest group that presents group financial statements is MLIC. The ultimate parent company and controlling party is MetLife, Inc, which is the parent company of the largest group that presents group financial statements. The Company has taken advantage of the exemption allowed by FRS 101 therefore has not prepared consolidated financial statements.

#### 19 Related party transactions

The Company has taken advantage of the exemption allowed by FRS 101 paragraph 8(k) in not reporting transactions with other wholly-owned group companies. No other related party transactions took place in the year.

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (continued)

#### 20. Reconciliation of net loss and shareholder's equity from FRS to U S GAAP

As outlined in the Statement of Directors' Responsibilities and note 2, the Company prepares and presents statutory financial statements in accordance with Financial Reporting Standards (FRS) accepted in the United Kingdom. The directors have prepared this reconciliation to accounting principles generally accepted in the United States (U S GAAP) for the benefit of MLIC's regulator in the United States. The reconciliation between net loss under FRS and U S GAAP is as follows:

	Year ended 31 December 2015 '000	Year ended 31 December 2014 '000
Loss in accordance with FRS	(£116,045)	(£244,808)
Consolidation adjustment	36,470	60,963
Taxation adjustment	(7,029)	(14,072)
Net loss attributable to the shareholder in accordance with U S GAAP	<u>(£86,604)</u>	<u>(£197,917)</u>
Net loss attributable to the shareholder in accordance with U S GAAP in U S Dollars*	<u>(\$127,646)</u>	<u>(\$291,710)</u>

\*Amounts in the financial statements are stated in pounds sterling. A convenience translation for both periods into U S dollars has been provided at a rate of \$1.4739 £1, being the closing rate on 31 December 2015.

## ST JAMES FLEET INVESTMENTS TWO LIMITED

### Notes to the Financial Statements (concluded)

#### 20 Reconciliation of net loss and shareholder's equity from FRS to U S GAAP (continued)

The reconciliation between shareholder's equity under FRS and U S GAAP is as follows

	31 December 2015 '000	31 December 2014 '000
Shareholder's equity in accordance with FRS	£2,904,771	£2,904,594
Consolidation adjustment	117	(31,347)
Taxation adjustment	(50)	31,153
Shareholder's equity in accordance with U S GAAP	£2,904,838	£2,904,400
Shareholder's equity in accordance with U S GAAP in U S Dollars*	\$4,281,441	\$4,280,795

\*Amounts in the financial statements are stated in pounds sterling. A convenience translation for both periods into U S dollars has been provided at a rate of \$1.4739 £1, being the closing rate on 31 December 2015.

#### Consolidation adjustment

Under FRS, the Company is exempt from the requirement to present consolidated financial statements. Accordingly, under FRS it accounts for its interest in subsidiary undertakings using the equity method.

The Company held a 100% indirect interest in OMI at 31 December 2015 and 2014 requiring consolidation by the Company pursuant to Accounting Standards Codification 810, Consolidation. Consequently, an adjustment is required under U S GAAP to consolidate OMI into the Company's financial statements.

#### Taxation adjustment

The taxation adjustment reflects a component of the prior year UK tax accrual that was recorded in OMI's U S GAAP trial balance in the current year and a component of the current year UK tax accrual that, due to the timing of the finalisation of the UK tax computation, will be recorded in OMI's U S GAAP trial balance in the next year.