AMTRUST INTERNATIONAL UNDERWRITERS DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

REGISTERED NUMBER - 169384

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COMPANY INFORMATION

DIRECTORS	Max Caviet	UK	Non-Executive Director
	Barry Zyskind	US	Non-Executive Director
	Ronan Conboy	IRL	Executive Director
	Donald DeCarlo	US	Independent Non-Executive Director
	David Lyons	US	Independent Non-Executive Director
	James Wrynn	US	Independent Non-Executive Director
	Raul Rivera	US	Independent Non-Executive Director

SECRETARY	Ciaran Martin
REGISTERED OFFICE	40 Westland Row, Dublin 2, Ireland. D02 HW74
AUDITORS	KPMG, Chartered Accountants, 1 Harbourmaster Place, IFSC, Dublin 1
BANKERS	BNP Paribas, 5 George’s Dock, IFSC, Dublin 1, Ireland. D01 X8N7
SOLICITORS	Matheson, 70 Sir John Rogerson’s Quay, Dublin 2, Ireland. D02 R296
SIGNING ACTUARY	Ian Phillips — Head of Actuarial Function

DIRECTORS' REPORT

The directors present herewith their report together with the audited consolidated financial statements of Am Trust International Underwriters DAC ("the Company") for the financial year ended 31 December 2017

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of insurance that covers many risks, including such perils as breakdowns, accidental damage, general liability and professional indemnity. The Company has relationships with manufacturers, retailers and financial institutions. The Company's portfolio includes both high volume, low value risks, which are non-accumulating, non-catastrophic and short tail in nature, and liability risks, which are high value and long-tail in nature. The Company, which is licensed in Ireland, writes insurance throughout Europe, the United States of America and other countries, offering coverage for non-life insurance classes 1, 2, 3, 7, 8, 9, 10, 13, 14, 15, 16 and 18.

GROUP RESTRUCTURE AND RESTATEMENT OF PRIOR YEAR COMPARATIVES

On 29th December 2017 a group reorganisation was effected when Nationale Borg-Maatschappij transferred all assets and liabilities to the Company. No shares were issued pursuant to the merger. These have been accounted for under the merger method of accounting with the results of the companies being merged included as if the merger had been effected throughout the current and previous financial years and as a result the comparatives have been restated.

RESULTS FOR THE FINANCIAL YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2017

The consolidated profit and loss account and balance sheet and cash flow statement for the financial year ended 31 December 2017 and the balance sheet of the Company at that date are set out on pages 15 to 23. The profit on ordinary activities before taxation amounted to €15,458,720 (2016: Restated €43,313,595). After provision for taxation, the profit for the year transferred to reserves amounted to €12,505,780 (2016: Restated €76,453,253).

DIVIDENDS AND DISTRIBUTIONS

No dividends were declared or paid in the year (2016: Restated €181,102,000).
No dividends were declared or received in the year (2016: 30,000,000 SEK, €3,152,619).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Written premium volumes increased by 24.2% to €483,945,143 (2016: Restated €389,636,489). The top-line growth was experienced across most classes of business in 2017. As a result, gross earned premium increased by 33.7% to €500,859,972 (2016: Restated €374,615,230). The loss ratio decreased to 58.4% (2016: Restated 70.4%). This is primarily due to a combination of the growth of profitable lines of business, reserve releases and currency exchange movements. The Company has continued its quota share agreement with AmTrust International Insurance Limited ("AIIL"), which is a fellow subsidiary and was formerly the immediate parent of the Company, such that it cedes 85% premium income to AIIL. The group accounts show operating expenses of €8,848,452 (2016: Restated (€7,974,352)). Included in the movement is a foreign exchange loss of (€17,950,468) in the year (2016: Restated foreign exchange gain €1,685,156). Accordingly, the combined ratio is 69.2% (2016: Restated 58.2%). Investment income was €7,329,939 (2016: Restated €15,329,125), which includes €128,910 in unrealised losses (2016: Restated €6,710,294 unrealised gains). Profit before tax, at €15,458,720 (2016: Restated €43,313,595).

At the year end, shareholder's funds amounted to €209,527,989 (2016: Restated €199,111,356). Going into 2018, the directors are cautiously optimistic that maintaining the strict and conservative underwriting methodology and working closely with the Company's network of business partners, will generate controlled growth. The Company's increasing capital base, highly professional underwriters and global presence enables it to provide its partners with a full risk solution and to help them take advantage of opportunities as they arise.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS (Continued)

2017 has seen the Company expand its branch network in Europe, following the approval of the AIU DAC French Branch and a merger with Nationale Borg-Maatschappij. In addition, there are further branch applications pending regulatory approval.

The Company's focus is to build a portfolio of risks characterised by predictable losses, high retention rates and lower pricing pressures and volatility. The Company will continue to develop niche opportunities where it can use its' market knowledge and expertise to add value to the Company's partners.

The Company has maintained its pricing disciplines and conservative underwriting methodology, utilising both quota share and excess of loss reinsurance protection to mitigate risks and protect the capital base.

The Company has cautiously pursued geographical expansion of core business activities into Europe and other territories.

Senior management are actively engaged on a day to day basis within the business. The Company further augmented and enhanced the company's Enterprise Risk Management System, 'ERM', as part of its ongoing Solvency II work.

Key Performance Indicators
Below is a table showing the ratios which the directors consider to be key performance indicators as at 31 December 2017.

Profit and loss account	**2017**	**2016 (As restated)**
Gross premium		
% increase in gross written premium	24.2%	4.4%
Earned premium		
% increase in earned premium	33.7%	6.0%
Combined ratio	69.2%	58.2%
Balance Sheet		
Total Assets (€000s)	1,189,276	1,065,755
Shareholder's funds (€000s)	209,528	199,111
Investments (€000s)	284,570	220,476

RISK AND UNCERTAINITIES
The Company is also very aware of the business risks it faces and maintains a detailed risk register. This is the application of a structured, consistent and continuous process for identifying, assessing and deciding upon a suitable response to the threats and opportunities that affect the achievement of business objectives. Some of the major risks mentioned are;

1. Credit risk – This is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are;
   a) Amounts due from insurance intermediaries;
   b) Amounts due from reinsurers in respect of claims paid; and
   c) Counterparty risk in traded stocks and securities.

2. Operational risk – This is the risk that the Company will not be able to meet its strategic objectives due to inadequate or failed internal processes, people and systems, or due to external events. It arises out of actions undertaken within the Company, brokers, investment management

DIRECTORS' REPORT (Continued)

RISKS AND UNCERTAINITIES (Continued)

companies or outsourced agencies and individuals.

3. Insurance Risk – This is the risk of fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claims settlements. It arises out of underwriting and reserving risk.

4. Market risk – This is the risk of loss of income or decrease in the value of assets caused by movements in the levels and process of financial instruments. Market risk arises out of the Company's exposure in its investment portfolio.

5. Liquidity risk – This is the risk that the Company may be unable to meet its obligations as they fall due as a consequence of a timing mismatch. Management considers that liquidity risk relates to the risk associated with the process of managing timing relationships between asset and liability cash flow patterns.

6. Legal and Regulatory risk – This is the risk that a change in laws and regulation might affect the Company. Legal and regulatory risks are an inherent part of doing business in a regulated industry such as financial services.

7. Solvency risk – Solvency Risk is the risk that the Company fails to maintain adequate levels of capital resources of sufficient quality and quantity in order to carry out its business objectives and in order to meet all domestic and international regulatory considerations regarding the capital resource requirements.

POST BALANCE SHEET EVENTS
There were no post balance sheet events.

DIRECTORS
The present directors are listed on page 2, and except where indicated, have served throughout the year.

DIRECTORS' AND SECRETARY'S INTERESTS
The directors and secretary did not hold any shares in the Company or any other group company at any time during the year ended 31 December 2017, with the exceptions of the holdings indicated below in AmTrust Financial Services Inc., the ultimate holding company.

	Start of the Year	*End of the Year*
Barry Zyskind	44,797,979	44,776,575
Max Caviet	384,462	411,498
Don DeCarlo	120,944	111,838
Ronan Conboy	2,171	4,041
Raul Rivera	-	3,257

Outstanding options for the purchase of shares in AmTrust Financial Services, Inc., the ultimate holding company of the Company, and restricted stock were granted to the directors and secretary as follows:

Name	*Date Awarded*	*Number of shares*	*Exercise Price*
Barry Zyskind	05/03/2014	125,000	US$0.00 (Restricted Stock Units)
Barry Zyskind	05/03/2016	87,447	US$0.00 (Restricted Stock Units)
Max Caviet	05/03/2014	9,272	US$0.00 (Restricted Stock Units)
Max Caviet	05/03/2015	15,904	US$0.00 (Restricted Stock Units)
Max Caviet	05/03/2016	24,291	US$0.00 (Restricted Stock Units)

DIRECTORS' REPORT (Continued)

DIRECTORS' AND SECRETARY'S INTERESTS (continued)

Name	*Date Awarded*	*Number of shares*	*Exercise Price*
Max Caviet	05/04/2017	12,317	US$0.00 (Restricted Stock Units)
Donald DeCarlo	05/03/2017	2,172	US$0.00 (Restricted Stock Units)
Raul Rivera	05/03/2017	3,257	US$0.00 (Restricted Stock Units)
Ronan Conboy	23/05/2014	1,670	US$0.00 (Restricted Stock Units)
Ronan Conboy	23/05/2015	2,788	US$0.00 (Restricted Stock Units)
Ronan Conboy	23/05/2016	1,561	US$0.00 (Restricted Stock Units)
Ronan Conboy	23/05/2017	7,729	US$0.00 (Restricted Stock Units)

The restricted stock units vest 25% per year, 05/03/2017 grants to Mr. DeCarlo and Mr. Rivera: vest on 05/03/2018 in full.

HUMAN RESOURCES

The policy of the group is to ensure that management and employees have all the necessary skills to ensure that the group attains its organizational objectives. The Company support individuals who are prepared to further their knowledge in education, and encourage membership of industry and professional organizations.

The group places considerable emphasis on communication with employees, particularly on matters relating to its business and its performance. This is achieved in a number of ways, including regular team meetings, a group intranet site and group newsletters.

AUDIT COMMITTEE

The Company have an established Audit Committee in place which provides oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

COMPLIANCE POLICY STATEMENT

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations and confirm that the following items have been completed;

1. the drawing up of a 'Compliance Policy Statement', setting out the Company's policies
2. the putting in place of appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the Company's relevant obligations and
3. the conducting of a review, during the financial year to which the report relates, of any arrangements or structures that have been put in place (e.g. reliance of the advice of a person(s) either employed by the Company or retained by it under a contract for services, with the requisite knowledge and experience, to advise the Company on compliance with its relevant obligations).

POLITICAL DONATIONS

The Company did not make any political donations and incurred no political expenditure during the year.

TRANSACTIONS INVOLVING DIRECTORS

There were no contracts or arrangements of any significance in relation to the business of the Company in which the directors had any interests, as defined by the Companies Act, 2014, at any time during the year ended 31 December 2017.

SUBSIDIARY

Details of the subsidiary undertakings are given in note 14 to the financial statements.

CORPORATE GOVERNANCE CODE

The Company is subject to the Central Bank of Ireland's Corporate Governance Requirements for Insurance Undertakings (2015). The Company is not required to comply with the additional requirements for High Impact Institutions under the requirements.

AUDITORS

In accordance with Section 383(2) of the Companies Act 2014, the Auditor, KPMG Chartered Accountants will continue in office.

RELEVANT AUDIT INFORMATION

The directors who held office as of the date of approval of this directors' report confirm that they each are aware, there is no relevant audit information of which the company's statutory auditors are unaware and each director has taken all the steps that he or she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

ACCOUNTING RECORDS

The measures taken by the directors to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of adequate accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The accounting records of the Company are located at 40 Westland Row, Dublin 2, Ireland, D02 HW74.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the directors

Donald De Carlo

Donald DeCarlo
Chairman

Date: 28/05/18

Ronan Conboy
Chief Executive Officer

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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts*.

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 assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts*;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014 and *the European Union (Insurance Undertakings: Financial Statements) Regulations 2015*. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the directors

Donald DeCarlo
Chairman

Date: 28/05/18

Ronan Conboy
Chief Executive Officer

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AMTRUST INTERNATIONAL UNDERWRITERS DESIGNATED ACTIVITY COMPANY

1 Opinion: our opinion is unmodified

We have audited the Group and Company financial statements of AmTrust International Underwriters Designated Activity Company ("the Company" or "AIU dac") for the year ended 31 December 2017 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Company Balance Sheet, the Consolidated and Company Statements of Changes in Equity and the related notes, including the basis of preparation and accounting policies set out in Note 3. The financial reporting framework that has been applied in their preparation is Irish Law, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts*.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2017 and of its profit for the year then ended;

- the Company balance sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017;

- the Group financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts*;

- the Company financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts as applied in accordance with the provisions of the Companies Act 2014; and

- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the Board of Directors on 28 July 2016. The period of total uninterrupted engagement is the 2 years ended 31 December 2017. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our Group and Company audit opinion above we determined that there were four key audit matters as follows:

Group and Company valuation of claims outstanding: gross amount €464,078,767 (2016 - €412,606,599)

Refer to pages 26 (accounting policy) and pages 41 to 42 (technical provisions)

The key audit matter

Subjective valuation:
Claims outstanding: Gross amount ("Insurance liabilities") represent the single largest liability for the Group and Company. Valuation of these liabilities is highly judgemental because it requires a number of assumptions to be made with high estimation uncertainty such as expected loss ratios and estimates of ultimate premium and of the frequency and severity of claims by territory and line of business. The determination and application of the methodology and performance of the calculations are also complex.

Completeness and accuracy of data used in the valuation:
The valuation of insurance liabilities depends on completeness and accuracy of the data being available to the Company and Group about the volume, amount and pattern of current and historical claims since they are often used to form expectations about future claims. If the data used in calculating the insurance liabilities, or for forming judgements over key assumptions, is not complete and accurate then material impacts on the valuation of insurance liabilities may arise.

How the matter was addressed in our audit

The procedures included but were not limited to:

- ***Reserving process assessment:***
  Obtaining and documenting our understanding of the reserving process and assessing the design and implementation and testing the operating effectiveness of the key controls which management performs in relation to insurance liabilities.

- ***Methodology assessment:***
  Using our actuarial specialists to support us, we considered the findings of the Company's internal actuarial report and, Willis Towers Watson, the peer review actuary. Through critical assessment of these actuarial reports and supporting documentation, and through discussions with both actuaries, we analysed the difference in reserving methodology applied and we challenged the key assumptions being used.

- ***Actual versus expected testing:***
  Assessing the quality of the Company's and Groups historical reserving estimates by monitoring the progression of prior year ultimate losses.

- ***Case reserves:***
  Assessing the case reserves held on a sample basis with reference to the most up to date information available on the claims file.

- ***Data reconciliations:***
  Checking the completeness and accuracy of the data used within the calculation of insurance liabilities by reconciling the actuarial source data to the financial systems. We have also checked the completeness and accuracy of the data flow from the claims and policy systems into the financial systems primarily through the testing of the operating effectiveness of controls in relation to the completeness and accuracy of data.

We found the resulting valuation of claims outstanding: gross amount to be acceptable.

KPMG

Existence and accuracy of Group gross premiums written €483,945,143 (2016 - €389,636,489)
Refer to pages 26 (accounting policy) and page 30 (segmental information)

The key audit matter	How the matter was addressed in our audit
Third party administrators: We have identified a significant risk in respect of the existence and accuracy of gross premiums written ("revenue"). The Group's revenue is mainly derived from premium sold on behalf of the Company through third party administrators ('TPAs'). There are currently over 150 TPAs who are responsible for issuing policies to customers, collecting payment, reporting premium collected and distributing cash to the Company. Premium transactions are numerous in nature and recorded through branches of the Company and its subsidiary AmTrust Nordic. Bordereaux reports are submitted by TPAs on a frequent basis to branch locations. Premium reported is therefore subject to an inherent risk of manipulation by each TPA which could have a material impact on the Group's profit for the year.	The procedures included but were not limited to: • ***Premium process assessment:*** Obtaining and documenting our understanding of the gross written premium process and assessing the design and implementation. Testing the operating effectiveness of the key controls which management performs in relation to the existence and accuracy of gross premium written by third party administrators and controls to prevent and detect revenue manipulation. We conducted site visits to branch locations to test the operating effectiveness of the controls. • ***Existence and accuracy testing:*** Agreeing gross premium written recorded on a sample basis to bordereaux reports which are submitted by each third party administrator to the Group. • ***Cut-off testing:*** Assessing premium transactions recorded immediately preceding and immediately after the year-end date to determine whether premiums have been recorded in the correct period. We found the existence and accuracy of gross written premium to be acceptable.

Group and Company valuation and ownership of other loans and investments €257,869,329 (2016 - €195,663,532)
Refer to pages 29 (accounting policy) and pages 35 to 36 (other loans and investments)

The key audit matter	How the matter was addressed in our audit
Subjective valuation: The Group and Company holds its debt securities and other fixed income securities at fair value, while holding loans receivable and deposits at amortised cost. The valuation of financial investments held at fair value is based on a range of inputs. Many of the inputs required can be obtained from readily available liquid market prices and rates. Where observable market data is not available, estimates must be developed based on the most appropriate source data and are subject to a higher level of judgement. There is a risk that loans receivable are impaired and therefore amortised cost is not the most appropriate accounting measurement.	The procedures included but were not limited to: • ***Investment process assessment:*** Obtaining and documenting our understanding of the valuation process and testing the design and implementation and testing the operating effectiveness of the key controls over the valuation of the investment portfolio carried out by the Group and Company. • ***Valuation testing:*** Testing the valuation of the fair value investments by agreeing the prices used to independent third party sources. Testing the valuation of the loans receivable by completing an impairment analysis of both the Group profit participating loan and the non-Group mezzanine loan.

- ***Confirmation:***
  Assessing the ownership of the investment portfolio through receipt of external confirmations from custodians and agreement to company records.

- Considering the adequacy of related disclosures.

We found the valuation and ownership of the investment portfolio to be reasonable.

Business combination: Merger with Nationale Borg-Maatschappij
Refer to pages 25 (accounting policy)

The key audit matter	How the matter was addressed in our audit
Accounting for the merger transaction: There is a risk that the merger with Nationale Borg-Maatschappij ("Nationale Borg") which took place on 29 December 2017, is not correctly accounted for and disclosed in line with requirements of FRS 102 Section 19-Business Combinations.	The procedures included but were not limited to: • Inspecting the signed merger document underpinning the transaction to ensure correct classification as a branch of the Company and appropriate accounting treatment as a group reconstruction under FRS 102 Section 19 – Business Combinations. • Obtaining a detailed understanding of the merging entity by visiting Nationale Borg-Maatschappij offices in Amsterdam, The Netherlands and obtaining and documenting our understanding of the processes and design and implementation of the key controls over underwriting, claims and reserving processes in Nationale Borg. • Performing substantive tests of detail over significant account balances by: agreeing cash balances to bank statements; performing independent valuation over the fair value of the investment portfolio and agreeing the investment portfolio to the custodian statement; agreeing written premium for a sample of policies to supporting policyholder documentation; agreeing claims paid for a sample of claims payments to the claims payment notifications; inspecting recorded claims reserves to supporting case file documentation for a sample of outstanding claims. • Performing substantive analytical procedures over material non-significant account balances. • Assessing the 2016 Nationale Borg balances included in the restated comparatives by reviewing the 2016 audited statutory financial statements of Nationale Borg and inspecting the 2016 audit file of the predecessor auditor. • Tracing the prior year audited trial balances of Nationale Borg branch to the restated comparatives in Group and Company financial statements.

- Considering the adequacy of related disclosures.

We found the accounting and disclosure for the merger throughout the financial statements to be in line with the requirements of FRS 102 Section 19- Business Combinations.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group and Company financial statements as a whole was set at €4,630,000 (2016: €3,408,661) determined with reference to a group benchmark of gross premiums written (of which it represents 1.0% (2016: 1.0%)). We considered gross premiums written to be the most appropriate benchmark as it provides a more stable measure year on year than profit before tax.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €231,500 (2016: €170,433) for the Group and Company financial statements.

All audit work was conducted by the Group audit team and covered 100% of the Group's profit for the financial year and 100% of Group total assets.

Our audit of the Group and Company was undertaken to the materiality level specified above and was performed in Dublin, London and Stockholm and at branch locations in Milan and Amsterdam.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the Annual Report, together with the financial statements. The other information comprises the information included in the directors' report and the statement of directors' responsibilities, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on the work on the other information:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

6 Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

7 We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

9 The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's member, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's member 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 member, as a body, for our audit work, for our report, or for the opinions we have formed.

Hubert Crehan

Hubert Crehan
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

28 May 2018

CONSOLIDATED PROFIT AND LOSS ACCOUNT
TECHNICAL ACCOUNT – NON-LIFE INSURANCE BUSINESS
for the financial year ended 31 December 2017

	Note	2017	2016 (As restated)
		€	€
Earned premiums, net of reinsurance			
Gross premiums written	5	483,945,143	389,636,489
Outward reinsurance premiums		(402,293,160)	(324,253,794)
Change in the gross provision for unearned premiums		16,914,828	(15,021,259)
Change in the provision for unearned premiums, reinsurers' share		(15,723,492)	11,988,108
Transfer to Unexpired Risk Reserve		1,074,760	(509,329)
Earned premiums, net of reinsurance		83,918,079	61,840,215
Allocated investment return transferred from the non-technical account	8	7,331,416	15,331,809
Total technical income		91,249,495	77,172,024
Claims paid:			
Gross amount		294,420,436	240,107,329
Reinsurers' share		(253,161,901)	(202,705,412)
Net of reinsurance		41,258,535	37,401,917
Change in the provision for claims:			
Gross amount		51,472,168	40,811,032
Reinsurers' share		(43,740,325)	(34,697,695)
Net of reinsurance		7,731,843	6,113,337
Claims incurred, net of reinsurance		48,990,378	43,515,253
Net operating expenses	9	8,848,452	(7,974,352)
Total technical charges		57,838,830	35,540,901
Balance on the technical account for non-life insurance business		33,410,665	41,631,123

CONSOLIDATED PROFIT AND LOSS ACCOUNT
NON-TECHNICAL ACCOUNT
for the financial year ended 31 December 2017

	Note	2017 €	2016 (As restated) €
Balance on the technical account for non-life insurance business		33,410,665	41,631,123
Investment income	10	7,329,939	15,329,125
Foreign exchange (losses)/gains		(17,950,468)	1,685,156
Allocated investment return transferred to the non-life insurance technical account		(7,331,416)	(15,331,809)
Profit on ordinary activities before taxation	11	15,458,720	43,313,595
Tax on profit on ordinary activities	12	(2,952,940)	(6,673,342)
Profit for the year from discontinued operations		-	39,813,000
Profit for the financial year		12,505,780	76,453,253

Premiums written and profit on ordinary activities before taxation have arisen solely from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2017

	2017 €	2016 (As restated) €
Profit for the financial year	12,505,780	76,453,253
Movement in foreign currency reserves	(166,439)	(250,736)
Total comprehensive income for the financial year	12,339,341	76,202,517

The notes on pages 25 to 60 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
at 31 December 2017

	Note	2017	2016 (As restated)
ASSETS		€	€
INVESTMENTS			
Other financial investments			
Deposits with credit institutions	15	26,700,328	24,812,506
Other loans and investments	15	257,869,329	195,663,532
		284,569,657	220,476,038
REINSURER'S SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premium	23	238,245,878	253,969,370
Claims Outstanding	22	396,239,087	352,498,762
		634,484,965	606,468,132
DEBTORS			
Debtors arising out of direct insurance operations	16	100,679,467	87,133,493
		100,679,467	87,133,493
OTHER ASSETS			
Cash at bank and in hand		55,879,174	50,597,744
Amounts receivable from group undertakings	30	24,988,487	14,655,006
Goodwill	18	2,091,335	2,091,335
Tangible assets	17(a)	21,976,607	23,046,330
		104,935,603	90,390,415
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest		2,511,999	1,502,912
Deferred acquisition costs	19	36,427,295	36,912,475
Other prepayments		25,666,759	22,871,475
		64,606,053	61,286,862
TOTAL ASSETS		1,189,275,745	1,065,754,940

CONSOLIDATED BALANCE SHEET
at 31 December 2017 (continued)

	Note	2017	2016 (As restated)
LIABILITIES		€	€
CAPITAL AND RESERVES			
Called up share capital	20	5,964,808	5,964,808
Other reserves	21	41,941,670	43,864,378
Foreign currency reserve	21	(517,620)	(351,181)
		47,388,858	49,478,005
PROFIT AND LOSS ACCOUNT:			
Profit brought forward		149,633,351	254,282,098
Retained profit for the financial year		12,505,780	76,453,253
Dividends paid	13	-	(181,102,000)
		162,139,131	149,633,351
Shareholders' funds (all equity interests)		209,527,989	199,111,356
TECHNICAL PROVISIONS			
Provisions for unearned premiums:			
Gross amount	23	280,798,432	297,713,260
Unexpired Risk Reserve	23	-	1,074,760
		280,798,432	298,788,020
Claims outstanding:			
Gross amount	22	464,078,767	412,606,599
		464,078,767	412,606,599
		744,877,199	711,394,619

CONSOLIDATED BALANCE SHEET
at 31 December 2017 (continued)

	Note	2017	2016 (As restated)
		€	€
CREDITORS			
Creditors arising out of reinsurance operations	24	121,575,598	72,687,587
Amounts payable to group undertakings	30	50,305,730	30,628,396
Other creditors including tax and social welfare	31	8,996,452	6,491,376
Corporation Tax		131,558	373,820
Deferred Tax	32	4,824,376	4,153,494
		185,833,714	114,334,673
ACCRUALS AND DEFERRED INCOME		49,036,843	40,914,292
TOTAL LIABILITIES		1,189,275,745	1,065,754,940

The notes on pages 25 to 60 form part of these financial statements.

Approved by the Board.

Donald DeCarlo
Chairman

Ronan Conboy
Chief Executive Officer

28/05/18
Date

CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 31 December 2017

	Note	2017 €	2016 (As restated) €
Net cash inflow from operating activities	25	71,791,420	15,013,442
Cash flows from investing activities			
Purchase of equipment		(2,477,599)	(11,775,591)
Exchange movements on tangible assets		12,378	20,374
Interest received / Purchased Interest Earned		499,593	600,502
Net sales during the year		(79,941,902)	13,061,308
Unrealised Gains/Losses		176,967	(6,670,403)
FX on investments		17,285,362	(1,696,742)
Deposits placed with credit institutions		(1,887,822)	123,331
Movement in unrealised (losses)/gains on investments		(176,967)	6,670,403
Net cash flows from investing activities		(66,509,990)	333,182
Net cash flows from financing activities		-	(132,313,000)
Net increase/(decrease) in cash and cash equivalents		5,281,430	(116,966,376)
Cash and cash equivalents at beginning of financial year		50,597,744	167,564,120
Cash and cash equivalents at the end of the year		55,879,174	50,597,744
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand at end of financial year		55,879,174	50,597,744
Cash Equivalents			
		55,879,174	50,597,744

COMPANY BALANCE SHEET
at 31 December 2017

	Note	2017	2016 (As restated)
ASSETS		€	€
Investments			
Other financial investments			
Investments in subsidiaries	14	11,146	11,146
Deposits with credit institutions	15	15,524,673	17,819,131
Other loans and investments	15	257,869,329	195,663,532
		273,405,148	213,493,809
REINSURER'S SHARE OF TECHNICAL PROVISIONS			
Provision for unearned premiums		238,245,878	253,969,370
Claims Outstanding	22	396,239,087	352,498,762
		634,484,965	606,468,132
DEBTORS			
Debtors arising out of direct insurance operations	16	101,056,022	88,207,887
		101,056,022	88,207,887
OTHER ASSETS			
Cash at bank and in hand		55,386,235	50,169,618
Amounts receivable from group undertakings	30	30,435,382	14,976,219
Tangible assets	17(b)	21,796,717	22,801,903
Goodwill	18	2,091,335	2,091,335
		109,709,669	90,039,075
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest		2,511,999	1,502,913
Deferred acquisition costs	19	36,427,295	36,912,474
Other prepayments		28,501,441	21,788,298
		67,440,735	60,203,685
TOTAL ASSETS		1,186,096,539	1,058,412,588

COMPANY BALANCE SHEET
at 31 December 2017 (continued)

	Note	2017	2016 (As restated)
LIABILITIES		€	€
CAPITAL AND RESERVES			
Called up share capital	20	5,964,808	5,964,808
Other reserves	21	41,398,851	43,319,167
		47,363,659	49,283,975
Profit and loss account:			
Profit brought forward		144,322,324	248,237,107
Retained profit for the financial year		10,225,064	74,034,600
Dividends paid/received		-	(177,949,383)
		154,547,388	144,322,324
Shareholders’ funds (all equity interests)		201,911,047	193,606,299
TECHNICAL PROVISIONS			
Provisions for unearned premiums:			
Gross amount	23	280,798,432	297,713,260
Unexpired Risk Reserve		-	1,074,760
		280,798,432	298,788,020
Claims outstanding:			
Gross amount	22	464,078,767	412,606,599
		464,078,767	412,606,599
		744,877,199	711,394,619

COMPANY BALANCE SHEET
at 31 December 2017 (continued)

	Note	2017	2016 (As restated)
		€	€
CREDITORS			
Creditors arising out of reinsurance operations	24	121,575,598	72,687,587
Amounts payable to group undertakings	30	59,696,770	32,935,746
Other creditors including tax and social welfare	31	8,654,869	6,103,754
Deferred Tax	32	4,824,376	4,153,494
		194,751,613	115,880,581
ACCRUALS AND DEFERRED INCOME		44,556,680	37,531,089
Total Liabilities		1,186,096,539	1,058,412,588

The notes on pages 25 to 60 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 28th May 2018

Donald DeCarlo
Chairman

28/05/18
Date

Ronan Conboy
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

(a) Consolidated

	Called up share capital	Capital redemption reserve	Capital contribution	Foreign exchange on reserves	Profit and Loss account	Total equity
	€	€	€	€	€	€
1 January 2016 (As restated)	5,964,808	14,094,242	21,032,105	(100,445)	254,282,098	295,272,808
Profit for the year	-	-	-	-	76,453,253	76,453,253
Foreign exchange	-	-	-	(250,736)	-	(250,736)
Appropriations to reserves	-	-	8,738,031	-	-	8,738,031
Contributions by and distributions to owners	-	-	-	-	(181,102,000)	(181,102,000)
31 December 2016	5,964,808	14,094,242	29,770,136	(351,181)	149,633,351	199,111,356
1 January 2017	5,964,808	14,094,242	29,770,136	(351,181)	149,633,351	199,111,356
Profit for the year	-	-	-	-	12,505,780	12,505,780
Foreign exchange	-	-	-	(166,439)	-	(166,439)
Appropriations to reserves	-	-	(1,922,708)	-	-	(1,922,708)
Contributions by and distributions to owners	-	-	-	-	-	-
31 December 2017	5,964,808	14,094,242	27,847,428	(517,620)	162,139,131	209,527,989

(b) Company

	Called up share capital	Capital redemption reserve	Capital contribution	Profit and Loss account	Total equity
	€	€	€	€	€
1 January 2016 (As restated)	5,964,808	14,094,299	21,032,048	248,237,105	289,328,260
Profit for the year	-	-	-	74,034,600	74,034,600
Appropriations to reserves	-	-	8,192,820	-	8,192,820
Contributions by and distributions to owners	-	-	-	(177,949,381)	(177,949,381)
31 December 2016	5,964,808	14,094,299	29,224,868	144,322,324	193,606,299
1 January 2017	5,964,808	14,094,299	29,224,868	144,322,324	193,606,299
Profit for the year	-	-	-	10,225,064	10,255,064
Appropriations to reserves	-	-	(1,920,316)	-	(1,920,316)
Contributions by and distributions to owners	-	-	-	-	-
31 December 2017	5,964,808	14,094,299	27,304,552	154,547,388	201,911,047

Prior year Statement of Changes in Equity has been restated to include Nationale Borg balances.

1. GENERAL INFORMATION

AmTrust International Underwriters DAC is a company incorporated in the Republic of Ireland. The registered office is 40 Westland Row, Dublin 2, D02 HW74, which is also the principal place of business of the Company. The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 3 to 7.

2. STATEMENT OF COMPLIANCE

The financial statements are prepared in compliance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts (FRS 102 and FRS 103) issued by the Financial Reporting Council, and promulgated for use in Ireland by Charted Accountants Ireland. The financial statements have also been prepared in accordance with the provisions of the Companies Act, 2014, and the European Communities (Insurance Undertakings: Financial Statements) Regulations, 2015. The financial statements have been prepared on the going concern basis, there being no doubt about the ability of the Company to continue its operations in the future.

3. ACCOUNTING POLICIES

(a) *Basis of presentation*

The financial statements have been prepared in accordance with the historical cost convention modified to include certain items at fair value.

(b) *Group Consolidation*

The group accounts consolidate the accounts of the Company and its subsidiary undertakings. Subsidiary undertakings are accounted for from the date of acquisition until the date of disposal. Inter-company balances with subsidiary undertakings are eliminated on consolidation so that the group accounts relate to transactions with other group companies and external transactions only.

(c) *Merger Accounting*

On 29 December 2017 a group reorganisation was effected when the Company purchased entire share capital of N.V. Nationale Borg-Maatschappij. This has been accounted for as a merger set out in Financial Reporting Standards 102 'Acquisition and Mergers'.

Under merger accounting:

(i) The assets and liabilities of all entities, adjusted where relevant to achieve uniformity of accounting policies, have been incorporated in the financial statements as if the entities had always been one combined entity.

(ii) The profit and loss accounts of all entities, adjusted where relevant to achieve uniformity of accounting policies, have also been combined for the current and prior periods.

In presenting the financial statements of the merged entity, no accounting policy changes were required in order to achieve uniformity of accounting policies and estimates. In accordance with Financial Reporting Standards 102, the prior year group comparatives have been restated as a result of the group restructure that took place during the year.

ACCOUNTING POLICIES (Continued)

(d) *Intangible Assets - Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit and loss on a straight line basis over the estimated useful lives of intangible assets.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years. The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have change since the last reporting date.

(e) *Premiums*

Premiums written are accounted for in the year in which the contract is entered into and include estimates where the amounts are not determined at the balance sheet date. Premiums written are stated gross of commissions payable to intermediaries and exclude taxes and duties levied on premiums.

(f) *Unearned premiums*

Unearned premiums are those proportions of the premiums written in the year which relate to years of risk subsequent to the balance sheet date. The amount is calculated on a monthly pro rata basis.

(g) *Deferred acquisition costs*

Deferred acquisition costs are amortised systematically over the life of the contracts and tested for impairment at each balance sheet date. Any amount not recoverable is expensed.

(h) *Outstanding claims provisions*

Outstanding claims provisions represent provisions for known claims and claims incurred but not reported. The provisions for outstanding claims are believed to be adequate to cover the ultimate net cost of claims incurred to the balance sheet date but are necessarily estimates and may ultimately be settled for a greater or lesser amount. The cost of claims incurred includes provision for related claims handling expenses.

(i) *Reinsurance*

Certain levels of risks in various areas of exposure are reinsured with other insurance companies or reinsurers. An asset or liability is recorded in the consolidated balance sheet representing premiums due to or payments due from reinsurers, and the share of losses recoverable from reinsurers.

(j) *Investment in subsidiary undertakings*

As per FRS 102.9.26 Investment in subsidiary undertakings are measured at cost less impairment.

(k) *Investment income*

Investment income consists of income earned from financial investments held to maturity and is credited to the profit and loss account on a receivable basis. Investment income transferred to the non-life technical account is allocated on the basis of gross technical reserves.

ACCOUNTING POLICIES (Continued)

(l) *Foreign currencies*

The presentation currency of the Company is Euro. The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency).

The reporting currency used in the financial statements is the euro denoted by the symbol "€".

Company

Assets and liabilities denominated in foreign currencies are translated into euro at rates of exchange ruling at the balance sheet date. Transactions during the year denominated in foreign currencies have been translated into euro at the rates of exchange prevailing at the date of the transaction. Exchange differences are dealt with through the profit and loss account.

Group

The profit and loss account for the overseas subsidiary undertaking is translated using the average rate during the year. The difference between the profit and loss account results and retained earnings translated at the rates of exchange ruling at the balance sheet date has been recorded as a movement on reserves. All other translation differences are taken to the profit and loss account.

(m) *Corporation tax*

Corporation tax is provided on taxable profits at current attributable rates.

(n) *Deferred Taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax in the future. Deferred tax is measured on an undiscounted basis at the tax rates substantively enacted at the balance sheet date that are expected to apply in the periods in which timing differences reverse.

Assets and liabilities in foreign currencies are translated at rates of exchange ruling at the balance sheet date.

(o) *Dividend Income*

Dividend income is recognised when the shareholders' right to receive payment have been established.

(p) *Tangible fixed assets*

Expenditure on computer equipment, fixtures, fittings and property are capitalised and depreciated over the estimated useful economic lives of the assets on a straight line basis. The periods used are as follows

Computer equipment	3-5 years
Fixtures and Fittings	3-5 years
Property	40 years

(q) *Pension costs*

The Company and its Swedish subsidiary, AmTrust Nordic AB, both operate defined contribution schemes, within the meaning of Financial Reporting Standard 102, Section

28 “Employee Benefits” for all employees. The cost of providing retirement and related benefits to staff is charged to the profit and loss account as incurred.

ACCOUNTING POLICIES (Continued)

(r) *Estimation techniques*

The outstanding claims provisions are determined based upon previous claims experience, knowledge of events and the terms and conditions of relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims occurrence trends. The approach also includes the consideration of the development of loss occurrence trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions.

The Company employs a variety of statistical techniques and a number of different bases to determine these provisions. These include methods based upon the following:

- the development of previously incurred claims, where losses to date are extrapolated for each prior year;
- estimates based upon a projection of claims number and average costs:
- notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years: and
- expected loss ratios.

The most appropriate estimation technique is selected taking into account the characteristics of the business class and development of each underwriting year.

The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments at fair value through the profit and loss. The fair value is the amount for which investments can be exchanged between knowledgeable willing parties in an arm’s length transaction

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

(s) *Uncertainties and contingencies*

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policyholder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policy holder as a result of the event occurring; and
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual costs of settlement of outstanding claims provisions can vary from initial estimates. The Company seeks to provide appropriate levels of claims provisions taking the known facts and experience into account.

ACCOUNTING POLICIES (Continued)

(t) *Investments*

The main asset classes in the level 2 category are listed bond-type debt products and are held at fair value through profit and loss. The fair value is the amount for which investments can be exchanged between knowledgeable willing parties in an arm's length transaction.

The Company uses the recognition and measurement provisions of IAS 39 and the disclosure requirements of FRS 102 Section 11 and 12.

(u) *Accrued Premium*

As premium declarations are typically reported to the Company in arrears, an estimate of undeclared premium is normally made by reference to the Estimated Premium Income ("EPI") which is set at the outset of the programme, and amended as appropriate. This will typically be compared to relevant prior period averages and other factors to ensure that the estimate for accrued premium is reasonable. This estimate will be further reviewed and amended as required.

4. PROFIT OF PARENT UNDERTAKING

The Company has availed of the exemption in Section 304 (2) of the Companies Act, 2014 from presenting its own profit and loss account. The amount of profit of the parent as determined in accordance with the Companies Acts, 2014, and the European Communities (Insurance Undertakings: Financial Statements) Regulations, 2015, dealt with in the groups accounts is €12,499,427 (2016: Restated €31,404,718).

5. SEGMENTAL INFORMATION

31 December 2017	Income Protection €000	Property €000	Liability €000	Credit & Suretyship €000	Other €000	Total €000
Gross premium written						
Risks located in Europe	14,725	41,771	90,130	39,848	127,661	314,135
Risks located outside Europe	-	6,273	113,198	40,832	8,165	168,468
	14,725	48,044	203,328	80,680	135,826	482,603
Gross premium earned	14,912	44,150	196,681	97,067	146,708	499,518
Gross claims incurred	(10,445)	(37,600)	(123,138)	(39,300)	(135,410)	(345,893)
Gross operating expenses	(2,917)	(8,780)	(37,155)	(12,407)	(24,596)	(85,855)
Gross technical results	1,550	(2,230)	36,388	45,360	(13,298)	67,770
Reinsurance balance	(372)	2,880	(19,421)	(39,942)	15,163	(41,692)
Net technical results	1,178	650	16,967	5,418	1,865	26,078
Foreign exchange (loss)/gain						(17,950)
Allocated investment income						7,331
Balance on technical account						15,459
Net technical provisions	1,547	10,877	63,695	8,874	25,399	110,392

€1,342 of gross written premium relates to intercompany fee income

31 December 2016 (As restated)	Income Protection €000	Property €000	Liability €000	Credit & Suretyship €000	Other €000	Total €000
Gross premium written						
Risks located in Europe	10,307	39,237	41,646	36,576	116,261	244,027
Risks located outside Europe	-	3,718	103,756	27,679	9,343	144,496
	10,307	42,955	145,402	64,255	125,604	388,523
Gross premium earned	10,347	41,249	126,545	63,886	132,588	374,615
Gross claims incurred	(6,999)	(32,430)	(103,580)	(20,161)	(117,749)	(280,919)
Gross operating expenses	(1,319)	(5,466)	(18,723)	(13,929)	(15,691)	(55,128)
Gross technical results	2,029	3,353	4,242	29,796	(852)	38,568
Reinsurance balance	(1,127)	(545)	4,406	19,250	(34,255)	(12,271)
Net technical results	902	2,808	8,648	49,046	(35,107)	26,297
Foreign exchange (loss)/gain						1,685
Allocated investment income						15,332
Balance on technical account						43,314
Net technical provisions	912	9,202	55,328	11,941	27,543	104,926

€1,113 of gross written premium relates to intercompany fee income

6. EMPLOYEES

The average number of persons employed by the group during the year was 114. (2016: Restated 120).

	2017	2016 (As restated)
Employees by Department		
Claims	19	15
Compliance	3	5
Finance	14	20
Management	8	10
Business operations	37	36
Underwriting	33	34
	114	120

	2017 €	2016 (As restated) €
Salaries	11,649,729	11,295,924
Payroll Taxes	1,383,520	1,202,784
Pension costs	1,784,746	1,370,372
Other staff costs;		
- Healthcare	14,240	47,529
- Recruitment	75,254	172,213
- Other	264,248	236,160
	15,171,737	14,324,982

All the amounts stated above were treated as an expense of the Company in the financial statements. No amount was capitalised into assets.

7. DIRECTORS REMUNERATION AND TRANSACTIONS

Directors' remuneration (including persons connected with directors)

	2017 €	2016 (As restated) €
Aggregate emoluments paid to or receivable by directors in respect of qualifying services:	561,911	467,792

Aggregate contributions paid, treated as paid or payable during the year to a retirement

benefit scheme in respect of qualifying services of directors:		
Defined contribution schemes	41,800	32,813
		-
	603,711	500,605

DIRECTORS REMUNERATION AND TRANSACTIONS (Continued)

The gain by directors on the exercise of share options in 2017 was € nil (2016 € nil). The aggregate amount paid or payable for past director's retirement benefits (excluding amounts where the scheme was adequately funded) was € nil (2016 € nil).

The aggregate amount of any compensation paid or payable to past directors in respect of loss of office or other termination benefits was € nil (2016 € nil).

	2017	**2016**
Number of Directors		
Retirement benefits are accruing to the following number of directors under		
Defined contribution schemes	1	1
	-	-
	1	1

8. ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT

	Net Investment Income	Net Investment Expense	Net Realised Gain/Loss	Changes in Fair Value	Net Investment Result
	2017	2017	2017	2017	2017
	€	€	€	€	€
Equities	1,750	-	-	-	1,750
Bonds	5,503,987	-	612,341	(128,910)	5,987,417
Loans and Receivables	1,568,975	-	-	-	1,568,975
Cash and Cash Equivalents	(31,061)	-	-	-	(31,061)
Other Investment Expense	-	(195,666)	-	-	(195,666)
	7,043,651	(195,666)	612,341	(128,910)	7,331,416

	Net Investment Income	Net Investment Expense	Net Realised Gain/Loss	Changes in Fair Value	Net Investment Result
	2016 (As restated)	2016 (As restated)	2016 (As restated)	2016 (As restated)	2016 (As restated)
	€	€	€	€	€
Equities	3,968	-	(81,606)	111,154	33,516
Bonds	5,734,789	-	2,993,586	6,599,140	15,327,515
Loans and Receivables	-	-	-	-	-
Cash and Cash Equivalents	282,813	-	-	-	282,813

Other Investment Expense	-	(312,035)	-	-	(312,035)
	6,021,570	(312,035)	2,911,980	6,710,294	15,331,809

9. NET OPERATING EXPENSES

	2017 €	2016 (As restated) €
Acquisitions costs	(492,106)	(6,237,332)
Change in deferred acquisition costs	(763,207)	(250,027)
Administration expenses	25,411,918	16,817,804
Over rider on reinsured premiums	(15,308,153)	(18,304,797)
	8,848,452	(7,974,352)

10. INVESTMENT INCOME

	2017 €	2016 (As restated) €
Realised gains and losses on investments	612,341	2,911,980
Unrealised gains and losses on investments	(128,910)	6,710,386
Investment income	6,846,508	5,706,759
	7,329,939	15,329,125

€7,331,416 per the financials and Note 8 - Allocated Investment Return Transferred from the Non-Technical Account (2016: €15,331,809) of the above investment income is attributable to the technical account.

11. STATUTORY AND OTHER INFORMATION

The profit on ordinary activities before tax is arrived at after charging:

	2017 €	2016 (As restated) €
Auditor’s remuneration – Statutory audit fees	364,382	179,382
Auditor’s remuneration – Other assurance services	70,000	85,000
Depreciation of tangible assets	1,318,051	1,096,542
Operating lease rentals	500,789	455,994
Foreign exchange (loss) / gains	(17,950,468)	1,685,156

Auditor’s remuneration fees above are not including fees paid to KPMG Netherlands for statutory audit fees €70,710 (2016: €138,000) and other non-audit services €36,300 (2016:

€92,000). €17,950,468 Foreign exchange loss per the financials (2016: Restated €1,685,516 Gains) of the above is attributable to exchange movement on bank accounts.

12. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) *Analysis of profit and loss account charge:*

	2017	2016 (As restated)
	€	€
Current tax:		
Irish corporation tax		
Tax charge on profit for the year	1,823,349	4,501,488
Overseas tax:		
Swedish tax charge for year	301,755	850,080
Dutch tax charge for year	827,836	1,321,774
Consolidated corporation tax charge for year (see reconciliation below note 12(b))	2,952,940	6,673,342

(b) Reconciliation of the expected tax charge at the standard tax rate to the actual tax charge at the effective rate.

	2017	2016 (As restated)
	€	€
Profit on ordinary activities before tax	15,458,720	43,313,595
Profit on ordinary activities multiplied by relevant Standard rate of corporation tax of 12.5%	1,932,340	5,414,199
Claw back of tax relief on employee health premiums	6,550	14,699
Effect of:		
Expenses not deductible	6,570	21,532
Capital allowances in excess of depreciation for the year	-	(13,656)
Branch and Subsidiary loss relief not applied to the Company accounts	465,216	97,076
Different Tax rates applied in overseas jurisdictions	542,264	1,139,492
Current tax charge for year	2,952,940	6,673,342

Factors affecting future tax:
The tax charge for future years will be affected by similar factors as noted above and will be based on the relevant standard rates of corporation tax. The group’s overseas tax rates are higher than those in Ireland because profits earned in Sweden are taxed at an effective tax rate of 22%.

13. DIVIDENDS

No dividends were declared or paid in the year (2016: Restated €181,102,000).

No dividends were declared or received from a subsidiary company in the year (2016: Restated 30,000,000 SEK, €3,152,617).

14. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2017 €	2016 (As restated) €
Company		
AmTrust Nordic AB	11,146	11,146
	11,146	11,146

The investment in subsidiary undertakings is stated at cost in the Company's balance sheet. The shares in the subsidiary undertakings, which are wholly owned, are as stated below:

Held Directly	Holding	Class of Share Capital	Address	Nature of business
AmTrust Nordic AB	100%	Ordinary	Hamngatan 11, 111 47 Stockholm	Management Company

15. OTHER LOANS AND INVESTMENTS

FINANCIAL INVESTMENTS

Group	Carrying Value 2017 €	Purchase Price 2017 €	Listed 2017 €
Debt Securities and other fixed income securities designated at fair value through profit or loss	223,856,761	222,876,000	224,075,152
Loans receivable held at amortised cost	34,012,568	34,711,351	-
	257,869,329	257,587,351	224,075,152
Deposits with credit institutions held at amortised cost	26,700,328	26,700,328	-
Balance at the end of the year	284,569,657	284,287,679	224,075,152

15. OTHER LOANS AND INVESTMENTS (continued)

Group (continued)	Carrying Value 2016 (As restated) €	Purchase Price 2016 (As restated) €	Listed 2017 (As restated) €
Debt Securities and other fixed income securities designated at fair value through profit or loss	160,952,181	160,201,747	160,952,181
Loans receivable held at amortised cost	34,711,351	34,711,351	-
	195,663,532	194,913,098	160,952,181
Deposits with credit institutions held at amortised cost	24,812,506	24,812,506	-
Balance at the end of the year	220,476,038	219,725,604	160,952,181

Company	Carrying Value 2017 €	Purchase Price 2017 €	Listed 2017 €
Debt Securities and other fixed income securities designated at fair value through profit or loss	223,856,761	222,876,000	224,075,152
Loans receivable held at amortised cost	34,012,568	34,711,351	-
	257,869,329	257,587,351	224,075,152
Deposits with credit institutions held at amortised cost	15,524,673	15,524,673	-
Balance at the end of the year	273,394,002	273,112,024	224,075,152

	Carrying Value 2016 (As restated) €	Purchase Price 2016 (As restated) €	Listed 2016 (As restated) €
Debt Securities and other fixed income securities designated at fair value through profit or loss	160,952,181	160,201,747	160,952,181
Loans receivable held at amortised cost	34,711,351	34,711,351	-
	195,663,532	194,913,098	160,952,181

Deposits with credit institutions held at amortised cost	17,819,131	17,819,131	-
Balance at the end of the year	213,482,663	212,732,229	160,952,181

15. OTHER LOANS AND INVESTMENTS (continued)

The following table shows financial investments recorded at fair value analysed between the three levels in the fair value hierarchy.

Group and Company

31 December 2017	Level 1 €	Level 2 €	Level 3 €
Debt Securities and other fixed income securities designated at fair value through profit or loss	-	223,856,761	-
	-	223,856,761	-

31 December 2016 (As restated)	Level 1 €	Level 2 €	Level 3 €
Debt Securities and other fixed income securities designated at fair value through profit or loss	-	160,952,181	-
	-	160,952,181	-

Included in the level 1 category are financial assets that are measured by reference to unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Included in the level 2 category are financial assets measured using a valuation technique based on inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the assets or liability, either directly or indirectly.

Included in the level 3 category are financial assets measured using a valuation technique model based on inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.

16. DEBTORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2017 €	2016 (As restated) €
Group		
Due at the beginning of the financial year	87,133,493	81,761,319
Increase in debtors	13,545,974	5,372,174
Due at the end of the financial year	100,679,467	87,133,493

	2017	2016

		(As restated)
	€	€
Company		
Due at the beginning of the financial year	88,207,887	81,893,756
Increase in debtors	12,848,135	6,314,131
Due at the end of the financial year	101,056,022	88,207,887

All debtors arising out of direct insurance operations fall due within one year.

17. TANGIBLE ASSETS

(a) Group	*Property* €	*Software* €	*Computer Equipment* €	*Fixtures And Fittings* €	*Total* €
Cost					
At 1 January 2017 (As restated)	21,637,946	2,541,303	2,468,048	1,481,117	28,128,414
Additions	541,410	673,662	280,516	983,990	2,479,578
Disposals	(636,902)	(24,656)	(1,621,754)	-	(2,283,312)
Foreign Exchange differences	-	-	(11,107)	(11,271)	(22,378)
At 31 December 2017	21,542,454	3,190,309	1,115,703	2,453,836	28,302,302
Depreciation					
At 1 January 2017 (As restated)	460,125	1,413,441	2,214,771	993,747	5,082,084
Charge for the year	357,066	345,718	119,270	299,137	1,121,191
Adjustment	1,733,041	520	(1,610,462)	744	123,843
Disposals	-	-	-	9	9
Foreign Exchange differences	-	-	5,569	(7,001)	(1,432)
At 31 December 2017	2,550,232	1,759,679	729,148	1,286,637	6,325,695
Net book value					
At 31 December 2017	18,992,222	1,430,630	386,555	1,167,200	21,976,607
At 31 December 2016 (As restated)	21,177,821	1,127,862	253,277	487,370	23,046,330

17. TANGIBLE ASSETS (continued)

(b) Company	*Property* €	*Software* €	*Computer Equipment* €	*Fixtures And Fittings* €	*Total* €
Cost					
At 1 January 2017 (As restated)	21,637,946	2,541,303	2,413,620	1,028,670	27,621,539
Additions	541,410	673,662	264,102	961,914	2,441,088
Disposals	(636,902)	(24,656)	(1,621,754)	-	(2,283,312)
At 31 December 2017	21,542,454	3,190,309	1,055,968	1,990,584	27,779,315
Depreciation					
At 1 January 2017 (As restated)	460,125	1,413,441	2,176,754	769,316	4,819,636
Charge for the year	357,066	345,718	112,598	223,737	1,039,119
Adjustment	1,733,041	520	(1,610,462)	744	123,843
At 31 December 2017	2,550,232	1,759,679	678,890	993,797	5,982,598
Net Book Value					
At 31 December 2017	18,992,222	1,430,630	377,078	996,787	21,796,717
At 31 December 2016 (As restated)	21,177,821	1,127,862	236,866	259,354	22,801,903

18. Goodwill

	€
31 December 2016 (As restated)	2,091,335
Amortisation/Impairments in the year	-
31 December 2017	2,091,335
31 December 2015 (As restated)	2,091,335
Amortisation/Impairments in the year	-
31 December 2016 (As restated)	2,091,335

19. DEFERRED ACQUISITION COST

Gross	€
31 December 2016 (As restated)	36,912,475
Movement in the year	(485,180)
31 December 2017	36,427,295
Reinsurance	
31 December 2016 (As restated)	32,621,294
Movement in the year	(1,248,387)
31 December 2017	31,372,907
Net Deferred Acquisition Costs	
31 December 2017	5,054,388
31 December 2016 (As restated)	4,291,181

20. SHARE CAPITAL

	2017 No. of shares	2016 No. of shares
Authorised		
Ordinary shares of US$ 1 each	25,000,000	25,000,000
Ordinary shares of EUR €5 each	803,760	803,760
Preference shares of US$1,000 each	25,000	25,000
Allotted, called up and fully paid		
Ordinary shares of US$ 1 each	2,000,000	2,000,000
Ordinary shares of EUR €5 each	803,760	803,760

The shares are redeemable at the option of the Company, and not at the option of the holder of the Preference Share. The fully paid shares carry one vote per share and carry the rights to dividends.

The Company has one class of ordinary shares which carry no right to fixed income.

21. OTHER RESERVES

Capital Contributions
The capital contributions are not repayable and there is no charge on the assets of the Company in respect of these capital contributions.

Capital Redemption Reserve
The balance on the capital redemption reserve account relates to the redemption of $16 million cumulative preference shares in 2011.

Foreign Currency Reserve – Consolidated
The foreign currency translation reserve consists of the difference between the profit and loss account results and retained earnings of the overseas subsidiary undertakings as translated at the average exchange rate and at the year-end exchange rate.

22. CLAIMS OUTSTANDING

	2017	2016 (As restated)
Group and Company	€	€
Gross		
Notified claims outstanding	175,937,817	164,964,955
Provisions for claims incurred but not reported	285,000,166	245,345,342
Claims handling charges	3,140,784	2,296,302
	464,078,767	412,606,599
Reinsurance		
Notified claims outstanding	(151,818,469)	(142,701,152)
Provisions for claim incurred but not reported	(242,147,668)	(208,206,410)
Claims handling charges	(2,272,950)	(1,591,200)
	(396,239,087)	(352,498,762)
Net claims outstanding	67,839,680	60,107,837

Net claims outstanding	67,839,680	60,107,837

23. TECHNICAL PROVISIONS

Group and Company

Gross	Provision for Unearned Premium	Claims Outstanding	Unexpired Risk Reserve	Total
31 December 2016 (As restated)	297,713,260	412,606,599	1,074,760	711,394,619
Movement in Provision	(16,914,828)	51,472,168	(1,074,760)	33,482,580
31 December 2017	280,798,432	464,078,767	-	744,877,199
Reinsurance				
31 December 2016 (As restated)	253,969,370	352,498,762	-	606,468,132
Movement in Provision	(15,723,492)	43,740,325	-	28,016,833
31 December 2017	238,245,878	396,239,087	-	634,484,965
Net Technical Provision				
31 December 2017	42,552,554	67,839,680	-	110,392,234
31 December 2016 (As restated)	43,743,890	60,107,837	1,074,760	104,926,487

24. CREDITORS ARISING OUT OF REINSURANCE OPERATIONS

	2017	2016 (As restated)
	€	€
Group and Company		
Due at the beginning of the financial year	72,687,587	102,741,490
Increase/(decrease) in creditors arising out of reinsurance operations	48,888,011	(30,053,903)
Due at the end of the financial year	121,575,598	72,687,587

All creditors arising out of direct insurance operations fall due within one year.

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2017	2016 (As restated)
	€	€
Profit on ordinary activities before interest and taxation	15,933,280	85,073,834
Fair value (gains) on investments	(2,305)	(46,275,403)
Depreciation of tangible assets	1,318,051	1,096,542
Exchange differences on depreciation of tangible assets	(12,378)	(20,374)
Increase in provisions	51,481,780	62,183,785
Foreign currency exchange	(139,029)	1,570,432
Operating cash flows before movement in working capital	68,579,399	103,628,816
(Increase) in reinsurance assets	(60,972,201)	(60,304,486)
Decrease/(Increase) in deferred acquisition costs	485,180	(2,855,813)
(Increase)/Decrease in insurance contract liabilities	(13,328,970)	532,504
Increase/(Decrease) in payables	78,874,158	(21,625,462)
Other	911,161	4,279,162
Cash generated by operations	74,548,727	23,654,721
Income taxes paid	(2,808,109)	(7,948,345)
Interest (received)/paid	50,802	(692,934)
Net cash from operating activities	71,791,420	15,013,442

26. PENSION COSTS

Both the Company and its Swedish subsidiary, AmTrust Nordic AB, operate defined contribution schemes, which are internally funded and accounted for in accordance with FRS 102, section 28, “Employee Benefits”. During the year, the amount contributed to this arrangement was €1,784,746 (2016: Restated €1,370,372). At the balance sheet date was €563,410 owing to these pension schemes (2016: Restated €429,646).

27. CONTINGENT LIABILITIES

The Company is involved in negotiations with respect to a number of insurance matters, for which provision has been made in the accounts. The directors are of the view that appropriate provision has been made based upon the known facts. The eventual settlement of these provisions may vary from the amount provided for in the financial statements.

28. COMMITMENTS

Operating Leases

These figures represent the group's commitments to non-cancellable operating leases.

	2017 €	2016 (As restated) €
Commitments for leases expiring within one year		
Property Lease	489,636	435,884
Other	19,483	21,853
Total	509,119	457,737
Commitment for leases expiring between two and five years		
Property Lease	635,558	542,024
Other	73,686	21,829
Total	709,244	563,853
Total Commitments	1,218,363	1,021,590

29. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is AmTrust Equity Solutions Ltd, a company incorporated in Bermuda. The ultimate parent undertaking, and the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is AmTrust Financial Services, Inc.

30. RELATED PARTIES DISCLOSURES

The Company engaged in the following transactions with related parties during the year:

Parent

The Company and ultimate parent, AmTrust Financial Services Inc., occasionally makes and receives payments on behalf of each other. This amounted to €13,394,302 during the year. The amount payable from the Company to its ultimate parent at 31 December 2017 was €193,931.

Associates

The Company operates a quota share reinsurance treaty with AmTrust International Insurance Limited ("AIIL"), whereby the Company cedes 85% of the business, after any other reinsurance treaties, to AIIL. During the year, the treaty value of receivable due from AIIL amounted to €27,051,075.61which includes any settlements made in the year. At 31 December 2017, €46,467,640 was due to AIIL under this treaty, which is included in creditors arising out of reinsurance operations (note 22).

In addition, there is a Deed of Guarantee between AIIL and the Company, whereby AIIL guarantees that it will make funds available to the Company for the timely payment of contractual claims made under insurance contracts issued by the Company. In addition, there is a stop loss agreement in place with AIIL, whereby AIIL will indemnify the Company for claims exceeding an aggregated unearned loss ratio, net of reinsurance, of 200%, subject to a limit of 100%, in respect of IVT Heating Pumps and the Moderna Heating Pumps portfolio. Prior to 1st October 2013, AIIL was the immediate parent company of the Company.

30. RELATED PARTIES DISCLOSURES (continued)

AmTrust Management Services Limited ("AMSL"), which is incorporated in the United Kingdom, and whose ultimate parent is AmTrust Financial Services, Inc., provides risk management and other services to the Company on an arm's length basis. During the year, the value of the services provided to the Company amounted to €1,591,675. At 31 December 2017, the balance with AMSL was €3,128,797 due to AMSL.

The Company and fellow subsidiary AmTrust Europe Limited ("AEL") occasionally make payments on behalf of each other. In addition, costs attributable to the Company are recharged on an arm's length basis. During the year, the value of the services provided to the Company amounted to €928,767. At 31 December 2017, the balance on the intercompany account was €2,135,221 due to AEL.

The Company and fellow subsidiary AmTrust Europe (Italian Branch) Limited ("AEIBL") provides risk management and other services to the Company on an arm's length basis. During the year, the value of services provided to the Company amounted to €1,038,935. At 31 December 2017, the balance on the intercompany account was €1,449,768 due to AEIBL.

The Company and fellow subsidiary AmTrust North America Limited ("ANA") occasionally makes and receives payments on behalf of each other. During the year, the value of payments due to the Company amounted to €1,648,632. At 31 December 2017, the balance on the intercompany account was €1,126,440 due to ANA.

The Company and fellow subsidiary AmTrust Management Service Ireland Limited ("AMSIL") provides investment management and other services to the Company on an arm's length basis. During the year, the value of payments from the Company amounted to €4,443,517. At 31 December 2017, the balance on the intercompany account was €4,443,517 due to AMSIL.

The Company and fellow subsidiary AII Insurance Management Limited ("AIIM") provides investment management and other services to the Company on an arm's length basis. During the year, the value of payments from the Company to AIIM amounted to €101,554. At 31 December 2017, the balance on the intercompany account was €101,554 to AIIM.

The Company and fellow subsidiary AmTrust Ireland Holding II Ltd make payments on behalf of Redray. In addition, costs attributable to the Company are recharged on an arm's length basis. During the year, the value of payments due to the Company amounted to €1,184,893. At 31 December 2017, the balance on the intercompany account was €1,184,893 due to the Company.

The Company and fellow subsidiary AmTrust Insurance Luxembourg SA provides services to the Company on an arm's length basis. During the year, the value of payments due to the Company amounted to €207,050. At 31 December 2017, the balance on the intercompany account was €207,050 was due to the Company.

The Company and fellow subsidiary, Associated Industries Insurance Company, occasionally makes and receives payments on behalf of each other. During the year, the value of payments due to the Company amounted to €2,405. At 31 December 2017, the balance on the intercompany account was € 2,405 due to the Company.

The Company and fellow subsidiary AmTrust Warranty Corp occasionally makes and receives payments on behalf of each other. During the year, the value of payments due to the Company amounted to €763,584. At 31 December 2017, the balance on the intercompany account was € 763,584 due to the Company

30. RELATED PARTIES DISCLOSURES (continued)

The Company operates a 40% quota share reinsurance treaty with Maiden Insurance Company ("Maiden"), a Bermudan domiciled reinsurance company. George Karfunkel and Barry Zyskind are the principal shareholders of Maiden Holdings Limited, which is the parent of Maiden. They are also among the principal shareholders of AmTrust Financial Services, Inc., the ultimate parent of the Company. At 31 December 2017, the Company owed €24,391,208 to Maiden under this treaty, which is included in creditors arising out of reinsurance operations (note 23).

The Company has availed of the exemption provided in FRS 102, section 33, "Related Party Disclosures", for subsidiary undertakings, 100% of whose voting rights are controlled within the group, from the requirement to give details of transactions with entities that are part of the group.

AMOUNTS RECEIVABLE FROM GROUP UNDERTAKINGS

	2017	2016
Group		(As restated)
Trading	€	€
AmTrust Financial Services, Inc.	-	13,884,172
AmTrust North America	-	528,548
AII Insurance Management Limited	-	242,286
AmTrust Insurance Luxembourg SA	207,050	-
AmTrust Ireland Holdings II Ltd	1,184,893	-
Associated Industries Ins Company	2,405	-
AmTrust Warranty Corp	763,584	-
Agency Italy SRL	(643,695)	-
AES Italian SRL	10,915,575	-
AmTrust Europe Limited	12,558,675	-
	24,988,487	14,655,006

	2017	2016
Company		(As restated)
Trading	€	€
AmTrust Financial Services, Inc.	-	13,263,571
AmTrust North America	-	528,548
AII Insurance Management Limited	-	242,286
AmTrust International Underwriters (Italian		

Branch)	-	66,699
AmTrust Management Services Limited	-	-
AmTrust Insurance Luxembourg SA	207,050	-
AmTrust Ireland Holding II Ltd	1,184,893	-
Associated Industries Ins Co	2,405	-
AmTrust Warranty Corp	763,584	-
AmTrust Agency Italy SRL	28,277,450	875,115
	30,435,382	14,976,219

30. RELATED PARTIES DISCLOSURES (continued)

AMOUNTS PAYABLE TO GROUP UNDERTAKINGS	2017	2016 (As restated)
Group	€	€
Trading		
AmTrust Management Services Ireland Limited	4,443,517	1,963,889
AmTrust Management Services Limited	3,128,797	1,539,701
AmTrust Europe Limited	2,135,221	1,207,010
AmTrust Europe (Italian Branch) Limited	1,449,768	410,833
Nationale Borg Reinsurance	16,873,986	17,819,859
AmTrust International Insurance	15,648,202	7,667,431
AII Insurance Management Ltd	101,554	-
AmTrust Financial Services Inc.	193,931	19,673
AmTrust North America	1,126,440	-
AmTrust France	332,175	-
Agency Italy SRL	4,872,139	-
	50,305,730	30,628,396

	2017	2016 (As restated)
Company	€	€
Trading		
AmTrust Nordic	3,674,936	2,306,173
AmTrust Management Services Ireland Limited	4,443,517	1,963,889
AmTrust Management Services Limited	3,128,797	1,539,700
AmTrust Europe Limited	2,135,221	1,207,010
AmTrust Europe Limited (Italian Branch)	1,449,768	410,833
AII Insurance Management Ltd	101,554	-
AmTrust Financial Service Inc.	193,931	19,673
AmTrust North America	1,126,440	-
Agency Italy SRL	5,666,105	1,178
AmTrust France	332,174	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017 (Continued)

AmTrust International Underwriters (Italian Branch)	4,922,139	-
Nationale Borg Reinsurance	16,873,986	17,819,859
AmTrust International Insurance	15,648,202	7,667,431
AIUL (Italian Branch)		
	59,696,770	32,935,746

31. OTHER CREDITORS INCLUDING TAX AND SOCIAL WELFARE

	2017	2016 (As restated)
	€	€
Group		
Other taxes and social security costs	509,736	456,645
Accounts payable	3,333,886	3,854,962
Other creditors	5,152,830	2,179,769
	8,996,452	6,491,376

	2017	2016 (As restated)
	€	€
Company		
Other taxes and social security costs	168,153	101,792
Accounts payable	3,333,886	3,822,193
Other creditors	5,152,830	2,179,769
	8,654,869	6,103,754

32. DEFERRED TAX

	2017	2016 (As restated)
	€	€
Deferred income tax liabilities	4,824,376	4,153,494

	Buildings	Other Investments	Equalization Reserve	Deferred Acquisition	Total
	€'000	€'000	€'000	€'000	€'000
Balance at 1 January	2,452	43	1,583	75	4,153
Charge/(credit) to	87	18	-		105

equity for the year				-	
Charge/(credit) to the income statement for the year	-	-	506	60	566
Balance at 31 December 2017	2,539	61	2,089	135	4,824

32. DEFERRED TAX LIBITLITIES (continued)

The movement on the deferred taxes is as follows:

	2017	2016 (As restated)
	€'000	€ '000
Balance as at 1 January	4,153	3,421
Charge/(credit) to equity for the year	105	423
Charge/(credit) to the income statement for the year	566	309
Balance as at 31 December	4,824	4,153

33. RISK MANAGEMENT

(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The AmTrust Group has adopted and communicated a formal definition of Enterprise Risk Management (ERM) to help foster a robust risk management culture.
Enterprise Risk has been defined as any activity, circumstance, event or series of events involving one or more affiliates of the Company that, if not remedied promptly, is likely to have a material adverse effect on the financial condition or liquidity of the Company or holding company system as a whole.

An AmTrust Enterprise Risk Management System ('the ERM System') has been implemented in order to provide an on-going tool for the monitoring and managing of risks and in order to be able to produce risk maps and other risk matrices to support Solvency II requirements. This system also complements our requirements with the Sarbanes Oxley Act ('SOX') and Systems and Internal Controls implantation and maintenance requirements.

(b) Capital Management

The objective of the Company in managing its capital is to ensure that it will be able to continue as a going concern and comply with the regulators capital requirements of the markets in which the Company operates, while maximising the return to stakeholders. The capital structure of the Company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 19 and 20.

The Company was in compliance with capital requirements imposed by the regulator throughout the financial year.

The capital requirement of the Company is determined by its exposure to risk and the solvency criteria established by management and the regulator. The table below sets out the statutory minimum capital requirement and the Company's available capital. Prior year balances have been restated due to Solvency II requirements.

33. RISK MANAGEMENT (continued)

	2017	2016 (As restated)
	€	€
Required Solvency Margin	126,662,658	101,618,291
Total available Capital Resources	195,569,516	160,200,103
Solvency Cover %	154%	158%

(c) Insurance Risk

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

CONCENTRATION

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements

The geographical concentration of the outstanding claim liabilities is noted below. The disclosure is based on the countries where business is written.

33. RISK MANAGEMENT (continued)

CLAIMS OUTSTANDING

	2017	2016 (As restated)
	€	€
Gross Liabilities		
EEA	244,815,456	194,482,416
USA	211,708,242	211,356,919
International	7,555,069	6,767,264
Total	464,078,767	412,606,599
Net Liabilities		
EEA	35,787,541	28,030,565
USA	32,031,390	32,057,471
International	20,749	19,801
Total	67,839,680	60,107,837

The table below sets out the concentration of outstanding claim liabilities by Class of Business.

CLAIMS OUTSTANDING

	2017	2016 (As restated)
	€	€
Gross Liabilities		
Income Protection Insurance	8,381,270	5,558,940
Fire & Other Property Damage	25,520,006	16,518,240
General Liability Insurance	326,967,824	285,644,389
Credit & Suretyship Insurance	34,801,920	40,281,483
Other	68,407,747	64,603,547
Total	464,078,767	412,606,599

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017 (Continued)

CLAIMS OUTSTANDING	2017	2016 (As restated)
	€	€
Net Liabilities		
Income Protection Insurance	1,257,190	833,841
Fire & Other Property Damage	3,561,921	2,495,578
General Liability Insurance	49,446,553	43,204,179
Credit & Suretyship Insurance	3,348,236	3,923,416
Other	10,225,780	9,650,823
Total	67,839,680	67,107,837

33. RISK MANAGEMENT (continued)

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures

ASSUMPTIONS AND SENSITIVITIES
The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The key methods used by the Company for estimating liabilities are:

- Chain ladder
- Expected loss ratio
- Benchmarking and
- Bornhuetter-Ferguson

The Company considers that the liability for non-life insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome. The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

33. RISK MANAGEMENT (continued)

CLAIMS DEVELOPMENT TABLE

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The cumulative claims estimate and cumulative payments are translated to euros at the rate of exchange that applied at the end of the accident year. The Company has taken advantage of the transitional rules of FRS 103 that permit only six years of information to be disclosed upon adoption.

Cumulative Gross Claims
(As restated)

Incident year:	**Pre 2011**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
At year of claim	-	130,287	152,059	227,201	230,724	266,714	265,335	325,410
One year later	-	126,183	150,781	225,956	242,890	267,028	264,427	-
Two years later	-	126,695	152,283	234,082	253,061	269,223	-	-
Three years later	-	124,170	157,005	242,840	258,780	-	-	-
Four years later	-	124,686	158,535	251,125	-	-	-	-
Five years later	-	127,680	160,889	-	-	-	-	-
Six years later	-	124,470	-	-	-	-	-	-
Current estimate of cumulative claims incurred	-	124,470	160,889	251,125	258,780	269,223	264,427	325,410
Cumulative payments made	-	(122,348)	(151,432)	(220,533)	(200,830)	(199,433)	(176,741)	(131,730)
Total	**12,802**	**2,122**	**9,457**	**30,592**	**57,950**	**69,790**	**87,686**	**193,680**

Grand Total Gross Claims 464,079

33. RISK MANAGEMENT (continued)

Cumulative Reinsurance

(As restated) Incident year:	Pre 2011	2011	2012	2013	2014	2015	2016	2017
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At year of claim	-	(110,715)	(129,236)	(193,002)	(195,879)	(226,519)	(225,223)	(276,557)
One year later	-	(107,227)	(128,004)	(191,920)	(206,262)	(226,671)	(224,922)	-
Two years later	-	(107,663)	(129,509)	(198,849)	(215,054)	(229,007)	-	-
Three years later	-	(105,517)	(133,717)	(206,162)	(220,248)	-	-	-
Four years later	-	(105,956)	(135,129)	(214,023)	-	-	-	-
Five years later	-	(108,419)	(137,311)	-	-	-	-	-
Six years later	-	(105,772)	-	-	-	-	-	-
Current estimate of cumulative claims incurred	-	(105,772)	(137,311)	(214,023)	(220,248)	(229,007)	(224,922)	(276,557)
Cumulative payments made	-	103,969	129,186	187,950	170,882	169,678	150,349	111,945
Total	**(12,358)**	**(1,803)**	**(8,125)**	**(26,073)**	**(49,366)**	**(59,329)**	**(74,573)**	**(164,612)**

Grand Total Reinsurance (396,239)

Net Claims Position

(As restated) Incident year:	Pre 2011	2011	2012	2013	2014	2015	2016	2017
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
At year of claim	-	19,572	23,037	34,199	34,845	40,195	40,112	48,853
One year later	-	18,955	22,778	34,036	36,629	40,357	39,505	-
Two years later	-	19,032	22,774	35,233	38,007	40,216	-	-
Three years later	-	18,653	23,287	36,679	38,532	-	-	-
Four years later	-	18,730	23,406	37,101	-	-	-	-
Five years later	-	28,961	23,578	-	-	-	-	-

Six years later	-	18,698	-	-	-	-	-	-
Current estimate of cumulative claims incurred	-	18,698	23,578	37,101	38,532	40,216	39,505	48,853
Cumulative payments made	-	(18,379)	(22,246)	(32,582)	(29,948)	(29,755)	(26,392)	(19,785)
Total	**444**	**319**	**1,332**	**4,519**	**8,584**	**10,461**	**13,113**	**29,068**

Grand Total Net Claims **67,840**

33. RISK MANAGEMENT (continued)

(d) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amounts due from policyholders and intermediaries.

The objective of the Company in managing its credit risk is to ensure risk is managed in line with the Company's risk appetite. The Company has established policies and procedures in order to manage credit risk and methods to measure it. There were no changes in the Company's credit risk exposure in the financial year nor to the objectives, policies and processes for managing credit risk.

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining that the value of the assets have been impaired were: analysis of impairment, ageing of balances, past loss experience, current economic conditions and other relevant circumstances

31 December 2017	Neither past due nor impaired €'000	Past due €'000	Impaired €'000	Total €'000
Shares and other variable yield securities and Units in unit trusts	-	-	-	-
Other financial investments - debt securities	260,381	-	-	260,381
Deposits with credit institutions	26,700	-	-	26,700
Reinsurer's share of claims outstanding	396,239	-	-	396,239
Debtors arising out of direct insurance operations	100,679	-	-	100,679
Reinsurer's share of provision for unearned premium	238,246			238,246
Other Debtors	111,152	-	-	111,152
Cash at bank and in hand	55,879	-	-	55,879
Total	**1,189,276**	**-**	**-**	**1,189,276**

33. RISK MANAGEMENT (continued)

31 December 2016 (As restated)	Neither past due nor impaired €'000	Past due €'000	Impaired €'000	Total €'000
Shares and other variable yield securities and Units in unit trusts	-	-	-	-
Other financial investments - debt securities	197,166	-	-	197,166
Deposits with credit institutions	24,813	-	-	24,813
Reinsurer's share of claims outstanding	352,499	-	-	352,499
Debtors arising out of direct insurance operations	87,133	-	-	87,133
Reinsurer's share of provision for unearned premium	253,969			253,969
Other Debtors	99,577	-	-	99,577
Cash at bank and in hand	50,598	-	-	50,598
Total	**1,065,755**	**-**	**-**	**1,065,755**

Assets which are past due but not impaired have been in arrears for less than 3 months from the reporting date.

The table below provides information regarding the credit risk exposure of the Group at 31 December 2017 by classifying assets according to credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BB are classified as speculative grade and have not been rated. Debtors, other than amounts due from reinsurers, have been excluded from the table as these are not rated.

31 December 2017	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	Not rated €'000	Total €'000
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-	-
Other financial investments - debt securities	29,457	41,040	80,233	95,334	-	14,317	260,381

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017 (Continued)

Deposits with credit Institutions	-	11,175	11,268	-	-	4,257	26,700
Reinsurers share of claims Outstanding	-	-	396,239	-	-	-	396,239
Reinsurer’s share of provision for unearned premium reinsurance operations	-	-	238,246	-	-	-	238,246
Cash at bank	-	6,894	48,495	316	174	-	55,879
Total	29,457	59,109	774,481	95,650	174	18,574	977,445

33. RISK MANAGEMENT (continued)

	AAA	AA	A	BBB	BB	Not rated	Total
31 December 2016 (As restated)	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-	-
Other financial investments - debt securities	33,836	27,277	65,378	49,814	5,804	15,056	197,165
Deposits with credit Institutions	-	6,993	13,562	-	-	4,260	24,815
Reinsurers share of claims Outstanding	-	-	352,499	-	-	-	352,499
Reinsurer’s share of provision for unearned premium reinsurance operations	-	-	253,969	-	-	-	253,969
Cash at bank	-	6,828	42,762	810	197	-	50,597
Total	33,836	41,098	728,170	50,624	6,001	19,316	879,045

(e) Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due. The Company has adopted an appropriate liquidity risk management framework for the management of the Company’s liquidity requirements. The Company manages liquidity risk by maintaining banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities.

Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims, withdrawals and maturing liabilities. In practice, almost all of the Company’s assets are marketable securities which could be converted in to cash when required.

There were no changes in the Company’s liquidity risk exposure in the financial year nor to the objectives, policies and processes for managing liquidity risk.

MATURITY PROFILES

The table below summarises the maturity profile of the Company's financial liabilities based on remaining undiscounted contractual obligations, including interest payable, and outstanding claim liabilities based on the estimated timing of claim payments resulting from recognised insurance liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

33. RISK MANAGEMENT (continued)

	Carrying amount	Up to 1 Yr	1-2 Yrs	2-5 Yrs	5-10 Yrs	Over 10 Yrs	Total
31 December 2017	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Outstanding claim liabilities	464,079	126,342	67,503	156,909	93,208	20,117	464,079
31 December 2016							
(As restated) Outstanding claim liabilities	412,607	137,765	59,042	123,653	77,221	14,926	412,607

(f) Market Risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The objective of the Company in managing its market risk is to ensure risk is managed in line with the Company's risk appetite.

The Company has established policies and procedures in order to manage market risk and methods to measure it. There were no changes in the Company's market risk exposure in the financial year nor to the objectives, policies and processes for managing market risk.

CURRENCY RISK

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company has minimal exposure to currency risk as the Company's financial assets are primarily matched to the same currencies as its insurance contract liabilities. As a result, foreign exchange risk arises from other recognised assets and liabilities denominated in other currencies.

33. RISK MANAGEMENT (continued)

Carrying amounts of the Company's foreign currency denominated assets and liabilities;

	USD 2017 €	NOK 2017 €	SEK 2017 €
Assets	173,717,358	34,033,219	57,930,312
Liabilities (Excluding Shareholders Funds)	(108,833,495)	(4,533,074)	(12,627,318)
Currency Mismatch	64,883,863	29,500,145	45,302,994

	USD 2016 (As restated) €	NOK 2016 (As restated) €	SEK 2016 (As restated) €
Assets	149,413,791	36,335,050	25,770,250
Liabilities (Excluding Shareholders Funds)	(102,401,345)	(10,948,697)	(977,713)
Currency Mismatch	47,012,446	25,386,353	24,792,537

The following table details the Company's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity the impact of change in a single factor is shown, with other assumptions unchanged.

	USD 2017 €	NOK 2017 €	SEK 2017 €
10% increase			
Pre Tax profit	(6,488,386)	(2,950,014)	(4,530,299)
Shareholders' equity	(6,488,386)	(2,950,014)	(4,530,299)
10% decrease			
Pre Tax profit	6,488,386	2,950,014	4,530,299
Shareholders' equity	6,488,386	2,950,014	4,530,299

	USD 2016 (As restated) €	NOK 2016 (As restated) €	SEK 2016 (As restated) €
10% increase			
Pre Tax profit	(4,701,245)	(2,538,635)	(2,479,254)
Shareholders' equity	(4,701,245)	(2,538,635)	(2,479,254)
10% decrease			
Pre Tax profit	4,701,245	2,538,635	2,479,254
Shareholders' equity	4,701,245	2,538,635	2,479,254

33. RISK MANAGEMENT (continued)

INTEREST RATE RISK
Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as entities in the Company invest in long term debt at both fixed and floating interest rates. The Company is exposed to price risk arising from fluctuations in the value of financial instruments as a result of changes in the market prices and the risks inherent in all investments. The Company has no significant concentration of price risk. The risk is managed by the Company by maintaining an appropriate mix of investment instruments.

The Company's sensitivity to a 1% increase and decrease in market prices is as follows;

1% Increase

	2017 €	2016 (As restated) €
Movement in fair value of debt securities and other fixed income securities	(11,061,738)	(7,041,178)
Total	(11,061,738)	(7,041,178)

1% Decrease

	2017 €	2016 (As restated) €
Movement in fair value of debt securities and other fixed income securities	11,700,689	7,551,898
Total	11,700,689	7,551,898

The Company's method for sensitivity to interest rate fluctuations has not changed significantly over the financial year.

34. CRITICAL ACCOUNTING JUDGEMENTS

Judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

35. POST BALANCE SHEET EVENTS

There were no post balance sheet events which require adjustment or disclosure in the financial statements. The financial statements were authorised for issue by the Board of Directors on 28th May 2018.