OMNIA LTD. (Formerly Known as Beechwood Omnia Ltd.)

Financial Statements
(And Independent Auditor's Report Thereon)

for the period from July 1, 2017
to December 31, 2017

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KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton HM 08 Bermuda

Mailing Address:
P.O. Box HM 906
Hamilton HM DX Bermuda

Telephone +1 441 295 5063
Fax +1 441 295 9132
Internet www.kpmg.bm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Omnia Ltd.

We have audited the accompanying financial statements of Omnia Ltd., which comprise the balance sheet as of December 31, 2017, and the related statements of operations, changes in shareholder's equity, and cash flows for the period from July 1, 2017 to December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Company's financial statements have not be audited since December 31, 2014. We were unable to obtain sufficient appropriate audit evidence over the accumulated deficit of the Company of $(556,343,287) as at July 1, 2017. Consequently, we were unable to determine whether any adjustments may be necessary to the opening and closing accumulated deficit disclosed in the Statement of Changes in Shareholder's Equity and Balance Sheet as at December 31, 2017 and for the period then ended.

As disclosed in Notes 1 and 4 to the financial statements, in connection with the sale of shares of the Company by Beechwood Bermuda Limited to PBX Bermuda Holdings, Ltd (the "Parent"), on June 30, 2017, two investment holdings were assigned to Beechwood Bermuda Ltd. ("BBL") and held back from the Parent. The estimated fair value of these assets at December 31, 2017 is $6,459,630. As the Company does not hold title to these assets as at December 31, 2017, they have been excluded from the Company's financial statements for the period ended December 31, 2017, but their estimated fair value has been disclosed in note 4. We were unable to perform sufficient audit procedures to assess the valuation of these assets as at December 31, 2017. Therefore, we were not able to determine whether adjustments were necessary to the amount disclosed in Note 4 to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, the financial statements referred to above present fairly in all material respects, the financial position of Omnia Ltd. as of December 31, 2017, and the results of its operations and its cash flows for the period from July 1, 2017 to December 31, 2017 in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

However, we draw your attention to note 10 to the financial statements which states that actual statutory capital and surplus per The Insurance Account Rules 2016 ("Rules") amounted to $7,024,162 at December 31, 2017. When comparing statutory capital and surplus to the minimum margin of solvency requirement of $8,000,000, the Company did not meet the minimum margin of solvency, with a shortfall of approximately $976,000. As a result, the Company did not comply with every condition attached to its Certificate of Registration as at December 31, 2017. Subsequent to the year end, the deficiency was rectified by an additional capital contribution of $9,500,000, which brought the Company back into compliance with the minimum solvency requirements.

Our original opinion was dated July 30, 2018. The opinion expressed on July 30, 2018 was qualified with respect to the same matters as noted in the Basis for Qualified Opinion paragraph above. This opinion, dated September 18, 2018, is different with respect to disclosure of the fact that the Company's actual statutory capital and surplus had a shortfall of $976,000, when compared to the minimum margin of solvency requirements applicable for the Company under the Insurance Account Rules, 2016. This opinion, dated September 18, 2018 includes an emphasis of matter paragraph highlighting this shortfall.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 30, 2018 except for Note 10, as to which the date is September 18, 2018

OMNIA LTD.

Balance Sheet

As at December 31, 2017
(Expressed in United States Dollars)

	Note(s)	December 31, 2017 $
Assets:		
Cash and cash equivalents	3	6,857,287
Investments	4, 6	57,117,462
Accrued investment income		2,486,628
Separate account assets	6, 7	500,432,644
Insurance balances receivable		6,859,800
Reinsurance balances recoverable	2f	11,556,470
Other assets		1,819,099
Total assets		**587,129,390**
Liabilities and shareholder's equity:		
Liabilities		
Future policy benefit reserves	2i	73,683,067
Separate account liabilities	6, 7	500,432,644
Reinsurance balances payable		1,752,991
Other liabilities	8	4,224,526
Total liabilities		**580,093,228**
Shareholder's equity		
Share capital	9	521,142,749
Additional paid-in capital	9	42,236,700
Accumulated deficit		(556,343,287)
Total shareholder's equity		7,036,162
Total liabilities and shareholder's equity		**587,129,390**

The accompanying notes should be read in conjunction with these financial statements

Signed on behalf of the Board of Directors:

Director **Director**

OMNIA LTD.

Statement of Operations

For the Period from July 1, 2017 to December 31, 2017
(Expressed in United States Dollars)

	Note	Six months ended December 31, 2017 $
Revenue:		
Net reinsurance premiums ceded		(4,508,040)
Gross fee income		6,603,846
Net investment income	5	6,702,436
Total revenue		**8,798,242**
Benefits and expenses:		
Benefit expenses		326,097
Other underwriting expenses		1,606,267
General and administrative expenses		2,010,838
Total benefits and expenses		**3,943,202**
Net income		**4,855,040**

The accompanying notes should be read in conjunction with these financial statements

OMNIA LTD.

Statement of Changes in Shareholder's Equity

For the Period from July 1, 2017 to December 31, 2017
(Expressed in United States Dollars)

	Share capital $	Additional paid-in capital $	Accumulated deficit $	Total $
Shareholder's equity, July 1, 2017	521,142,749	42,236,700	(561,198,327)	**2,181,122**
Net income for the period	–	–	4,855,040	**4,855,040**
Shareholder's equity, December 31, 2017	**521,142,749**	**42,236,700**	**(556,343,287)**	**7,036,162**

The accompanying notes should be read in conjunction with these financial statements

OMNIA LTD.

Statement of Cash Flows

For the Period from July 1, 2017 to December 31, 2017
(Expressed in United States Dollars)

	December 31 2017 $
Operating activities:	
Net income	**4,855,040**
Adjustments to reconcile net income to cash used in operating activities:	
Net gain (loss) on investments	(3,158,541)
Net changes in non-cash balances relating to operations:	
Insurance balance receivable	(6,859,800)
Accrued investment income	(813,549)
Separate asset accounts	190,114,588
Reinsurance balances recoverable	31,269,270
Other assets	3,929,921
Future policy benefit reserves	(40,177,120)
Separate liability accounts	(190,114,588)
Reinsurance balances payable	(1,098,068)
Other liabilities	1,356,689
Cash and cash equivalents used in operating activities	(10,696,158)
Investing activities:	
Proceeds from sale of investments	6,640,519
Cash and cash equivalents received from investing activities	6,640,519
Decrease in cash and cash equivalents for the period	(4,055,639)
Cash and cash equivalents, beginning of period	10,912,926
Cash and cash equivalents, end of period	**6,857,287**

The accompanying notes should be read in conjunction with these financial statements

1. Nature of the business

Omnia Ltd. (the "Company"), was incorporated in Bermuda on May 15, 2000, and is registered as a long-term Class E insurer. Effective June 30, 2017, 100% of the shares of the Company held by Beechwood Bermuda Ltd. ("BBL") were sold to PBX Bermuda Holdings, Ltd., (the "Parent") an exempted company incorporated in Bermuda. In connection with the sale, the Company was renamed from Beechwood Omnia Ltd. to Omnia Ltd. effective June 29, 2017. The Company has prepared its financial statements effective from July 1, 2017 to reflect the date that it was purchased by the Parent.

Historically, the Company sold variable annuity unit-linked contracts and fixed annuity and deferred annuity discretionary contracts with participating features. Effective March 2009, the Company discontinued writing new business as further described below.

Variable and annuity contracts

The main variable annuity plan sold by the Company was the Universal Investment Plan ("UIP") which provided a guaranteed minimum death benefit ("GMDB"), should the investor die, equal to the greatest of the (i) total investment less withdrawals, (ii) the current value of the plan or (iii) as an option, the highest account value on each plan anniversary date ("highest anniversary value") that freezes at age 80.

As of December 31, 2017, direct separate account assets and direct separate account liabilities included $259,831,580, of account values related to the variable UIP.

The UIP also offered a guaranteed minimum accumulation benefit ("GMAB") feature which provides the contract holder with a guaranteed minimum plan value for specified guarantee periods. The GMAB offers three investment options: (i) the managed option which requires a 100% allocation into select models and funds, (ii) the structured option which requires a 30% allocation into the 5 or 10 year fixed rate account and a 70% allocation into investment funds or fixed rate accounts or (iii) the personalized option which allows a 100% allocation into investment funds or fixed rate accounts. The earlier version of GMAB, the Capital Guarantee Option ("CGO"), provided a minimum account value of 105%, 107% or 110% at year 5, 7 or 10, respectively. The later version of GMAB, the Universal Guaranteed Option ("UGO"), provided a dual guarantee of 105% of the initial investment at year 5 and 120% at year 10 with a highest anniversary value option at year 10, if elected for an additional charge. At the end of the respective guarantee periods, if the value of the investments is less than the guaranteed accumulation value, the Company will credit the amount necessary such that the value of the plan equals the guaranteed accumulation value.

Effective May 7, 2007, the Company entered into a reinsurance treaty ("HSBC Treaty") with HSBC Life (International) Limited ("HSBC Life") whereby it assumed on a modified coinsurance basis, 100% of HSBC's LifeInvest Protection Plan which includes guarantee options that are similar to the features offered under the UIP and UGO business. The most significant differences between the UIP UGO and the HSBC Treaty are (1) the HSBC Treaty GMAB benefit offered the highest anniversary value option to all policies with no additional charge; and (2) the GMDB expires at age 80.

As at December 31, 2017, separate account assets and separate account liabilities included $240,601,064 of account values related to the HSBC Treaty.

Fixed and deferred annuity contracts

The Company offered a Guaranteed Index Plan ("GIP") in which an investor's return is based upon the value of various underlying indices and provides the contract holder with a guaranteed minimum return, subject to a cap. The Company also offered a Guaranteed Rate Plan ("GRP"), a fixed annuity in which an investor's return is based on a fixed interest rate for a specified guarantee period declared by the Company.

Effective March 9, 2009 the Company discontinued writing the UIP, GIP and GRP plans.

1. Nature of the business (continued)

Ceded reinsurance arrangements

Reinsurance agreement
Effective July 1, 2015, the Company purchased reinsurance from Old Mutual (Bermuda) Re Ltd. ("OMB") for the GMAB feature of the Company's UIP policies through to the GMAB maturities in 2017 and 2018. The agreement expires the earlier of the maturity of the final assumed GMAB policies under the insurance agreement or October 31, 2018.

Retrocessional agreement
Effective July 1, 2015, the Company purchased reinsurance from OMB for the GMAB feature of the HSBC Treaty. The retrocessional agreement expires the earlier of the maturity of the final assumed GMAB policies under the retrocessional agreement or August 31, 2018.

2. Significant accounting policies

a) Basis of presentation

The accompanying Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.GAAP"), and are denominated in U.S. dollars. The following are the significant accounting policies adopted by the Company:

b) Use of estimates

To prepare the financial statements, management has to make estimates and assumptions that affect the book value of assets and liabilities, income and expenses, and data disclosed in the notes to the financial statements.

All estimates are subjective in nature and could materially influence the financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. It is believed that the estimates utilized in preparing these Financial Statements are reasonable. Actual results could differ materially from our estimates. Changes in estimates are recognized in the period in which they are determined.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying value approximates their fair value because of the short-term nature and high liquidity of these assets.

d) Accounts and premiums receivable

The Company assesses its accounts and premiums receivable for collectability each reporting period, adjusts the receivable for uncollectible amounts and recognizes any write-off as operating expenses. Management determined that there were no uncollectible accounts and premiums receivable for the year ended December 31, 2017.

2. Significant accounting policies (continued)

e) Segregated account assets and liabilities

Segregated account assets reported in the balance sheet represent the combination of variable investment assets ("Separate Account Assets") and fixed investment assets acquired to support fixed contract reserves. Segregated account liabilities represent the sum of all contract holders' account values under the variable investment option ("Separate Account Liabilities") and all fixed account reserves.

The investment risk associated with fair value changes in Separate Account Assets is borne by the policyholder, exclusive of provisions under GMDB or GMAB guarantee within its UIP. Where a UGO policy GMAB feature has been purchased, the Company at the fifth and tenth year anniversaries has guaranteed the policyholders' investment at 105% and 120%, respectively, of the policyholders' initial investment, reduced proportionately for any withdrawals. Certain contracts also have a high anniversary value option on the tenth anniversary. Investment income and gains and losses from those separate account assets accrue directly to the policyholder.

The assets of each segregated account, whether variable or fixed, are legally segregated and are not subject to claims from the general creditors of the Company or other contract holders. Separate Account Assets and Liabilities, including those assumed under certain reinsurance agreements, are reported at fair value in the balance sheet.

f) Reinsurance balance recoverable

At December 31, 2017, the reinsurance recoverable related to the (Re)insurance Agreements described in Note 1 was $11,556,470. Transactions relating to reinsurance ceded are accounted for in the financial statements in the same way that direct business transactions are recorded. The Company cedes reinsurance for the purpose of limiting its net losses. Contracts under which the Company transfers significant insurance risk are classified as reinsurance. The amounts recognized as reinsurance recoverables are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Reinsurance recoverables include recoveries due from OMB in respect of claims paid. Reinsurance ceded does not relieve the Company from its obligations to contract holders. The Company remains primarily liable to the contract holders.

The reinsurance recoverable is assessed for impairment at each reporting date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

g) Investments

The Company has elected the fair value option for its investment securities and therefore its securities are classified as trading, with changes in fair value included in net investment income on the statement of operations. Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the statement of cash flows is classified as investing activities.

The Company records security transactions on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the balance sheet.

Net investment income – The Company recognizes investment income as it accrues or is legally due, net of investment management fees. Investment income includes coupon interest, as well as the amortization of any premiums and the accretion of any discount. Interest income, unrealized gains/losses, and realized gains and losses on the sales of investments are included on the statement of operations in net investment income. Realized gains and losses on investments sold are determined based on a first-in first-out method.

2. Significant accounting policies (continued)

h) Fair value – definition and hierarchy

Fair value is the price the Company would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Financial assets and liabilities which are valued using unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly.

Level 3 – Financial assets and liabilities, for which there is little or no market price transparency, are not traded in active markets and/or are subject to transfer restrictions. The fair values of such investments are generally derived using valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Such inputs reflect management's best estimates and assumptions about the assumptions a market participant would use in valuing the asset or liability.

The Company generally uses similar models to value similar financial instruments. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads and measures of volatility, all of which differ in objectivity and observability. As required by the accounting standard, when the inputs used to measure the fair value fall within different levels of the valuation hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measure in its entirety.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market the determination of fair value request more judgement. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgement exercised by the Company in determining fair value is greatest for investments categorized in Level 3.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

i) Future policy benefit reserves

Future policy benefit reserves are composed of the policy-holder funds on deposit and GMAB reserves.

Policyholder funds on deposit represent contract holder account values under the fixed investment option of the UIP, the GIP and the GRP (collectively the "fixed options"). The fixed options are recorded at the balance accruing to the contract holders at the balance sheet date and include interest credited or amounts accrued to the contract holder. Withdrawals from the fixed options prior to the end of the guarantee period are subject to charges. Fees charged on withdrawals of contract holder funds and annual contract maintenance fees are recorded in other insurance income. Interest earned on investments supporting the fixed options is recorded in investment income.

At December 31, 2017, policyholder funds on deposit amounted to $62,126,597.

GMAB reserves are calculated using a stochastic approach under various economic scenarios. This method employs assumptions with respect to forward risk-free rates, volatility curves, lapses, mortality and the correlation and performance of equity/foreign exchange markets representative of the funds available within the underlying variable products. Changes in these assumptions and capital market performances (such as future changes in equity markets, equity market volatilities, interest rates, or appreciation/depreciation of the U.S. dollar) may significantly impact the Company's GMAB liabilities.

At December 31, 2017, reserves relating to GMAB of $11,556,470.

2. Significant accounting policies (continued)

j) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized when due and are measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Amounts due to segregated account participants relate to funds received by the Company on behalf of segregated accounts and are recorded in this category of financial liability.

k) Reinsurance

Transactions relating to reinsurance assumed and ceded are accounted for in the financial statements in the same way that direct business transactions are recorded. Reinsurance ceded does not relieve the Company from its obligations to contract holders. The Company remains primarily liable to the contract holders.

l) Benefit expenses

Benefit expenses under insurance and investment contracts include surrenders, death and living benefits. Surrenders and death benefits are recorded upon notification by the policyholder or beneficiary.

m) Reinsurance fee income

Reinsurance fee income mainly consists of the policy charges assessed against account balances, including surrender charges and rider fees. They are recognized as revenues in the period in which they are assessed against policyholders.

n) Foreign currency

Asset and liabilities dominated in currencies other than U.S dollars are translated at the closing rates of exchange at the end of the reporting period with the resulting foreign exchange rate differences included in net gain on investment in the Consolidated Statement of Operations. Transactions denominated in foreign currencies including purchases and sales of investments and income and expenses, are translated at the rates of exchange prevailing on the respective dates of the transactions.

o) Taxation

Under current Bermuda Law, the Company is not required to pay taxes in Bermuda on either income or capital gains. In the event that such taxes are levied, the company has received an undertaking from the Bermuda Government exempting it from all such taxes until March 31, 2035.

p) Accounting standards not yet adopted

<u>*ASU 2014-15 – “Disclosure of uncertainties about an entity’s ability to continue as a going concern”*</u>

In August 2014, the FASB issued Accounting Standards Update 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40)- "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15 provides new guidance on management’s responsibility to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued. If conditions are identified, the ASU requires management to disclose mitigating plans to alleviate the doubt or a statement of the substantial doubt about the entity’s ability to continue as a going concern. The accompanying financial statements and notes have been prepared in conformity with GAAP, assuming that the Company will continue as a going concern. No conditions have been identified which raise doubt about the Company’s ability to continue as a going concern.

2. Significant accounting policies (continued)

p) Accounting standards not yet adopted (continued)

ASU 2014-09 – Revenue from contracts with customers

In May 2014, the FASB issued Accounting Standards Update 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides a framework, through a five-step process, for recognizing revenue from customers, improves comparability and consistency of recognizing revenue across entities, industries, jurisdictions and capital markets, and requires enhanced disclosures. Certain contracts with customers are specifically excluded from the scope of ASU 2014-09, including; amongst others, insurance contracts accounted for under Accounting Standard Codification 944, *Financial Services – Insurance*. ASU 2014-09 is effective on January 1, 2017 with retrospective adoption required for the comparative periods. The Company is currently assessing the impact the adoption of ASU 2014-09 will have on future financial statements and related disclosures.

Measurement of credit losses on financial instruments

Effective January 1, 2020, we will adopt new accounting guidance related to the measurement of credit losses on financial assets and certain other instruments. The new guidance requires the use of a new forward looking expected loss impairment model for trade and other receivables, held to maturity debt securities, loans and other instruments; requires impairments recoveries for available-for-sale debt securities to be recorded through an allowance account; and revises certain disclosure requirements. The Company is still assessing the impact of this new guidance on our financial position and operating results.

ASU 2016-01, "Recognition and measurement of financial assets and financial liabilities"

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"), an update to ASC Topic 825 – Financial Instruments – Overall. The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The amendments primarily affect the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2017, and for the interim and annual reporting periods thereafter. Early adoption of the full standard is not permitted, however, certain sections of ASU 2016-01 relating to fair value option elected financial liabilities can be early adopted in isolation. These amendments to ASU 2016-01 require the changes in fair value relating to instrument specific credit risk of fair value option elected financial liabilities to be presented separately in accumulated other comprehensive income. The Company is still assessing the impact of this new guidance the financial position and operating results.

ASU 2016-02, "Leases"

In February 2016, the FASB issued ASU No. 2016-02, which introduces a lessee model that brings substantially all leases onto the balance sheet. Under the new standard, a lessee will recognize on its balance sheet a lease liability and a right-of-use asset for all leases, including operating leases, with a term greater than 12 months. The new standard will also distinguish leases as either finance leases or operating leases. This distinction will affect how leases are measured and presented in the income statement and statement of cash flows. ASU No. 2016-02 is effective for annual and interim periods in fiscal years beginning after December 15, 2019. The Company is still assessing the impact of this new guidance on the financial position and operating results.

ASU 2016-15, "Classification of certain cash receipts and cash payments (a consensus of the emerging issues task force)" ("ASU 2016-15")

In August 2016, the FASB issued ASU 2016-15, an update to ASC Topic 230 – Statement of Cash Flows. The amendments in ASU 2016-15 provide guidance regarding reclassification of certain cash receipts and payments where diversity in practice was observed. ASU 2016-15 is required to be applied retrospectively to all periods presented beginning in the year of adoption. ASU 2016-15 is effective for annual reporting periods beginning after December 15, 2017, and for the interim periods within those annual reporting periods. Early adoption is permitted, including adoption in an interim period. The Company is still assessing the impact of this new guidance on the financial position and operating results.

3. Cash equivalents

Cash and cash equivalents consist of balances with accounts held with HSBC, Brown Brothers Harriman & Co. and Wilmington Trust.

4. Investments

The Company's investment portfolio consists of preferred equity securities, corporate debt securities and a hedge fund.

At December 31, 2017, the Company's investments are carried at fair value. The carrying amount and fair value of investments are as follows:

Particulars	Cost	Gross unrealized gain	Gross unrealized loss	Fair value
Preferred equity securities	$ 28,999,636	$ 1,735,702	$ –	$ 30,735,338
Corporate debt securities	23,884,032	1,878,267	–	25,762,299
Hedge fund	609,711	10,114	–	619,825
Total	**$ 53,493,379**	**$ 3,624,083**	**$ –**	**$ 57,117,462**

Unrealized gains and losses arising from changes in the fair value of investments are recognized in the statement of operations.

The following tables set forth certain information regarding the investment ratings of the Company's investments as of December 31, 2017. Investment ratings are the lower of NAIC, Moody's, Egan Jones's or Standard & Poor's ratings for each investment security, presented in Standard & Poor's equivalent rating.

			December 31, 2017
Rating	**Investments**	**Fair value ($)**	**Percentage of total**
BBB	Preferred equity securities	30,735,338	53.81
BBB	Corporate debt securities	25,762,299	45.10
Unrated	Hedge funds	619,825	1.09
	Total	**57,117,462**	**100.00**

Contractual maturities summary:

	December 31, 2017
Trading fixed term maturity securities	**$**
Due less than one year	30,735,338
Due after one year through to five years	25,762,299
Due after five years through to ten years	–
Due after ten years	–
Total	**56,497,637**

Hedge fund investments with a fair value of $619,825 do not have maturity date.

4. Investments (continued)

In connection with the sale of shares of the Company to the Parent by BBL, the Parent and BBL entered into a share purchase agreement ("the Agreement") dated June 30, 2017 under which two investment holdings ("holdback assets") were assigned to BBL under the terms of the Agreement dated June 30, 2017. In the event that BBL fails to perform its obligations under the Agreement, the Company is able to realize the holdback assets and recognize proceeds of the realization of up to $4,000,000. This clause is effective for the holdback period, being 18 months from June 30, 2017 to December 31, 2018. As of July 31, 2018, the filing date of these financial statements, the Company is not aware of any event that would result in a realization of the holdback assets. As such, the holdback assets are excluded from the Company's financial statements for the period ending December 31, 2017. The estimated fair value of the holdback assets at December 31, 2017 was $6,459,630.

As a result of the Agreement, the Company is now party to a deed of assignment agreement with Old Mutual Bermuda Holdings ("OMBHL"). OMBHL entered into this agreement with Old Mutual (Bermuda) Ltd. (previously Beechwood Omnia, Ltd. and now the Company) on December 14, 2015. Under this deed of assignment, OMBHL was granted rights, title, interest, and benefits in a hedge fund now held by the Company. The deed of assignment terminates on October 31, 2018. At December 31, 2017 the assigned assets had a fair value of $619,825 and were included in the Company's investments and other liabilities.

5. Investments income

Investment income within the statement of operations for the period ended December 31, 2017 consisted of the following:

	December 31, 2017
	$
Interest income	3,543,895
Net realized loss on investments	(465,542)
Net unrealized gain on investments	3,624,083
Net investment income	**6,702,436**

6. Fair value of financial instruments

The fair values of financial instruments have been determined by using available market information and the valuation techniques described below. Considerable judgment is often required in interpreting market data to develop estimates of fair value. The use of different assumptions or valuation techniques may have a material effect on the estimated fair value amounts. The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2017.

	Carrying value **$**	**Estimated fair value** $
Assets:		
Investments	57,117,462	57,117,462
Separate account assets	500,432,644	500,432,644
Total	**557,550,106**	**557,550,106**
Liabilities:		
Separate account liabilities	500,432,644	500,432,644
Total	**500,432,644**	**500,432,644**

6. Fair value of financial instruments (continued)

US GAAP establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

The following tables present the Company's hierarchy for its financial instruments measured at fair value on a recurring basis as of December 31, 2017.

	Total **$**	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**
Preferred equity securities	30,735,338	–	–	30,735,338
Corporate debt securities	25,762,299	5,398,734	922,675	19,440,890
Hedge fund	619,825	–	619,825	–
Separate account assets	500,432,644	471,292,174	24,491,515	4,648,955
Total assets	**557,550,106**	**476,690,908**	**26,034,015**	**54,825,183**
Separate account liabilities	500,432,644	471,292,174	24,491,515	4,648,955
Total liabilities	**500,432,644**	**471,292,174**	**24,491,515**	**4,648,955**

The Company's Level 1 assets primarily include preferred equity securities, corporate debt securities, hedge fund and mutual funds held in the separate account assets that are considered to trade on an active exchange market. Prices are obtained from readily available sources for market transactions involving identical assets or liabilities. Valuations for the Company's fixed maturity securities are generally based on third party pricing services for identical or comparable assets or through the use of valuation methodologies using observable market inputs and are classified as Level 2. Based on the typical volumes and the lack of quoted market prices for fixed maturity securities, third party pricing services normally derive the security prices through recent reported trades for identical or similar securities making adjustments through the reporting date based upon available observable market information. Typical inputs include, but are not limited to, reported trades, benchmark yields, issuer spreads, bids, offers, credit default assumptions, and/or estimated cash flows and prepayments speed assumptions. If there are no recent reported trades, the third party pricing services and brokers may use matrix or model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted market rate.

6. Fair value of financial instruments (continued)

Level 3 Investments – The following is reconciliation for all Level 3 assets measured at fair value on a recurring basis

Assets	Beginning balance	Total realized and unrealized gains (losses)	Purchases	Sales	Transfers in	Transfers out	Other	Ending balance	Total gains (losses) included in earnings
Preferred equity securities	28,999,636	1,735,702	– –	–	–	–	–	30,735,338	–
Corporate debt securities	18,044,593	1,396,297	–	–	–	–	–	19,440,890	–
Separate account assets	2,190,700	–	–	–	–	–	2,458,255	4,648,955	–
Total	**49,234,929**	**3,131,999**	**–**	**–**	**–**	**–**	**2,458,255**	**54,825,183**	**–**

The Company values certain investments using Level 3 inputs. For Level 3 investments, fair values are determined by independent valuation firms. This valuation is determined through a combination of knowledge of the current pricing environment and market factors, along with key growth assumptions specific to the investments being valued which are detailed in the table below. The independent valuation firm value the investment using an income approach or a market approach. In certain instances, the independent valuation firm may use multiple valuation approaches for a particular investment and estimate its fair value based on a weighted average or a selected outcome within a range of multiple valuation results. The decision to use a valuation approach will depend on the investment type and the information available. When applying valuation techniques used to determine fair value, the independent valuation firms assume a reasonable period of time for estimating cash flows and considers the financial condition and operating results of the portfolio company, the nature of the investment, restrictions on marketability, market conditions, foreign currency exposures, and other factors. When determining the fair value of investments, the independent valuation firms exercise significant judgment and uses the best information available as of the measurement date.

Due to the inherent uncertainty of valuations, the fair values reflected in the financial statements as of the measurement date may differ from: (1) values that would have been used had a readily available market existed for those investments and (2) the values that may ultimately be realized. As at December 31, 2017, the Company held an interest in AGH Parent LLC ("AGH Parent") in the form of preferred equity securities in the amount of $30,735,338 and corporate debt securities in the amount of $19,440,890 which are included in the Level 3 investment table. AGH Parent is the parent of a subsidiary Agera Energy LLC ("Agera Energy") which is a retail energy supplier that provides electricity and natural gas to commercial and residential customers. Any adverse change in the fair value of the investments held in AGH Parent could have an impact on the Company's shareholder's equity.

6. Fair value of financial instruments (continued)

Below is a summary of the quantitative information regarding the significant observable and unobservable inputs in the internal model to determine fair value on a recurring basis as at December 31, 2017.

Valuation Technique	**Unobservable (U) and Observable (O) Inputs**	**Balance**
Independent valuation firm	Terminal revenue growth rate (O)	2%
Independent valuation firm	Weighted average cost of capital (U)	17.5%
Independent valuation firm	Capital expenditure forecasted (U)	2%
Independent valuation firm	Gross margin (U)	14.8%
Independent valuation firm	Comparable companies (U)	Multiples

Transfer between levels

Transfers into Level 3 represent securities that were valued using pricing sources which, due to changing market conditions, were less observable than in prior periods as indicated by the lack of commercially available vendor prices with observable inputs. Additionally, changes in pricing sources also could lead to securities transferring into Level 3. Transfers out of Level 3 represent securities that were valued using pricing sources which, due to changing market conditions, were more observable than in prior periods as indicated by commercially available vendor prices with observable inputs. Additionally, changes in pricing sources also could lead to securities transferring into Level 2.

There were no transfers between levels for the period ended December 31, 2017.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Other assets and liabilities: The fair value of cash and cash equivalents, accrued investment income, insurance balances receivable, reinsurance balances recoverable, other assets, reinsurance balances payable and other liabilities, approximates their carrying value due to their relative short-term nature.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange. However, any differences would not be expected to be material. Certain instruments such as future policy benefit reserves, are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine underlying economic value of the Company.

7. Separate Account Assets and Liabilities

Separate Account Assets and Separate Account Liabilities are reported in the Company's balance sheet as follows:

	December 31, 2017
Separate Account Assets (note 1)	$ 259,831,580
Assumed Separate Account Assets (note 1)	240,601,064
Total Separate Account Assets	**500,432,644**
Separate Account Liabilities	259,831,580
Assumed Separate Account Liabilities	240,601,064
Total Separate Account Liabilities	**$ 500,432,644**

If segregated account assets are greater than segregated account liabilities, then there will be a receivable owed from the segregated account to the Company's general account; if segregated account assets are less than segregated account liabilities, then there will be a receivable owed from the Company's general account to the segregated account. At December 31, 2017, the Company's segregated account had obligations due from the general account of $2,699,614.

8. Related parties

As of December 31, 2017, included in other liabilities is an amount of $446,251 relating to payments made on account of the Company by Global Bankers Insurance Group (the "Group") and accrued cost sharing fees payable to the Group, affiliated by common ownership, for certain services provided to the Company at agreed costs and fees pursuant to a Master Services Agreement by and among the Group, the Company and other parties. The total cost sharing fee expensed in the period amounted to $163,107.

The Company has invested in the instruments of companies which belong to the same ultimate beneficial owner of Omnia Ltd. The following table summarizes related party investments included on the balance sheet and the statement of operations.

	December 31, 2017
Assets	
Preferred equity	$ 30,735,338
Corporate debt securities	19,440,890
Balance as at 31 Dec 2017	**50,176,228**
Revenue	
Net Investment income	5,538,191
Net Investment income	**$ 5,538,191**

The Company's investment portfolio is heavily concentrated in holdings which are ultimately in AGH Parent preferred equity and debt issuances. AGH Parent is the majority owner of Agera Energy. The Company's ultimate beneficial owner has a controlling interest in AGH Parent via investments made through other entities under his ownership. As shown in the table above, at December 31, 2017 the Company held $30,735,338 in AGH Parent preferred equity and an outstanding private loan for $19,440,890 for a total investment of $50,176,228, which comprises 88% of the Company's non-separate account invested assets.

9. Share Capital:

The break up for Share Capital is provided below:

	2017 $
Authorized	
2,000,000,000 Common shares of par value of $1 each	2,000,000,000
Issued and fully paid:	
Class A shares	
Issued during the period	
521,142,749 shares of par value of $1 each	521,142,749
Balance, end of period	521,142,749
Total issued and fully paid share capital	521,142,749

The Company was acquired effective June 30, 2017 in accordance with the terms of a Share Purchase Agreement between the Parent and BBL. Per the Share Purchase Agreement, the Parent purchased all of the authorized and issued share capital of $521,142,749 divided into 521,142,749 ordinary shares, par value $1 each.

In connection with the share capital transfer, the Company also received $42,236,700 as additional capital contributions. The contributions were made prior to the acquisition of the Company by the Parent.

10. Statutory requirements

Under the Bermuda Insurance Act, 1978 and related regulations, the Company is subject to enhanced capital requirements in addition to minimum levels of solvency. The enhanced capital requirement (ECR) is determined by reference to a standardized statutory risk-based capital model used to measure the risk associated with the Company's assets and liabilities. If a company fails to maintain or meet the ECR, various degrees of regulatory action may be taken. As of December 31, 2017, the Company met the ECR.

At December 31, 2017, the Company is required to maintain a minimum statutory capital and surplus of $8,000,000.

Actual statutory capital and surplus per The Insurance Account Rules 2016 ("Rules") amounted to $7,024,162 at December 31, 2017. The principal difference between statutory capital and surplus per the Rules and statutory economic capital and surplus are the result of valuation adjustments to the technical provisions in the economic balance sheet. When comparing statutory capital and surplus to the minimum margin of solvency requirement of $8,000,000, the Company did not meet the minimum margin of solvency, with a shortfall of approximately $976,000. This deficiency was rectified by an additional capital contribution of $9,500,000 on February 2, 2018. This capital injection brought the company back into compliance with the minimum solvency requirements subsequent to year end.

11. Subsequent events

The Company has evaluated the effects of events subsequent to December 31, 2017, for recognition and disclosure, through to July 30, 2018, which is the date the financial statements were made available to be issued. There were no material events that occurred subsequent to December 31, 2017.

On February 2, 2018 there was an additional capital contribution of $9,500,000.